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NEWS SUMMARY

GENERAL

New deal for Spain

Spain's Premier, Sr. Adolfo Suarez, was last night working on a major political initiative to capitalise on the Government's crushing victory in the national referendum on voting reform.

With turnout almost 77.5 per cent., the Yes vote totalled 94 per cent. against only 2.5 per cent. voting No.

Sr. Suarez was believed to be trying to put together a package to satisfy the demands of the kidnappers of the president of the Council of State, to take the heat out of the Basque Nationalist issue and provide a generous amnesty for the country's remaining political prisoners. Back Page and Feature, Page 16

Britain approves 40-ton lorries

Britain gave qualified approval to an EEC Commission plan to increase maximum gross lorry weights in Britain from 32 to 40 tons. Axle weight under the plan would be unchanged. A 40-ton lorry must have an extra axle. Page 4

Government win in Jamaica

The governing People's National Party of Jamaica won a landslide victory in the General Elections. With nine of 60 seats still to be declared the party had taken 45. Page 5

South African deaths call

The Coloured Labour Party of South Africa called for the International Commission of Jurists based in Geneva to investigate the deaths of prisoners held in detention under the security laws. Page 6

Reconstruction in Lebanon

The new Lebanese Cabinet held its first working session since it was formed last week and set up committees to rebuild government offices, provide aid to reconstruct private property and give relief assistance to the injured. Page 6

Nuclear incident

The dead body of a radioactive cat was found a week ago at the Trawsfyndd nuclear station in North Wales, the Energy Secretary has been informed. It is the third nuclear incident to come to light in the last week.

Supermoney

Marlon Brando is to earn £2.25m. for 12-days filming in the role of Superman's father. As well as this record fee he will also be paid an 11.3 per cent. royalty on box office receipts.

Portuguese trial

The trial began in Portugal of an ex-Deputy Inspector of PIDE/DGS, the former political police. He is the first prominent officer to enter the dock in a series of trials that began this month. Page 4

Fair game

The Gaming Board urged a national Gambling Commission to oversee Britain's £3.2bn.-a-year gambling industry, in its evidence to Lord Rothschild's Royal Commission on Gambling. Page 8

Briefly . . .

The Prince of Wales will open the Calgary Stapede and be made a Kanai Indian chief when he visits Alberta, Canada, in July.

Sir Alec Guiness, the actor, is to be awarded an honorary degree of Doctor of Letters by Oxford University on June 22.

Snow fell in many parts of Britain yesterday.

Jewish educationalists are considering an appeal to the European Commission of Human Rights because they claim State aid has been granted to only 20 per cent. of Jewish children of primary school age, compared with 80 per cent. of Catholics.

BUSINESS

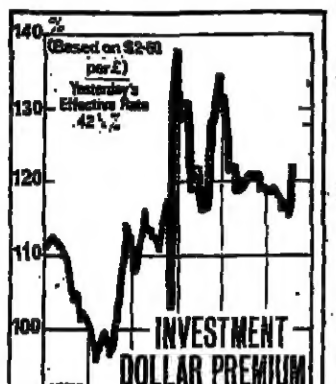
Equities rise 8.9 but gilts weaken

● EQUITIES rallied, with some sizeable institutional buying. But prices drifted down in the afternoon in the absence of sustained support. The FT 30-Share Index, up 11.7 at 1 p.m., closed at 322.7 for a gain of 8.9 on the day.

● GILTS were unsettled by the Chancellor's measures and by reported moves on oil prices and the minimum lending rate. Longs fell a point or more, while short-dated stocks shed up to ½.

● STERLING fell 55 points to close at $1.6625. Its trade-weighted depreciation widened to 45.2 (44.4) per cent.; dollar's depreciation widened to 0.77 (0.73) per cent.

● INVESTMENT CURRENCY premium jumped 6¼ points to 122¼ per cent., as uncertainty about the future of sterling prompted revived demand for investment dollars in a market where sellers were scarce.



● GOLD fell $1 to $133.375.

● WALL STREET was down 1.16 at 982.63 near the close.

● SOVIET bloc will allow its joint currency, the transferable rouble, to be used to settle trade with the West. The move may lead to creation of a Euro-rouble market. Back Page

Report praises Rank Xerox

● MONOPOLIES Commission praised Rank Xerox for its export record and general efficiency. But it proposed that the company end its group pricing scheme which gives discounts of up to 25 per cent. to large users. Page 10 and Lex

● RUBERY OWEN car component plant at Darlaston will close for good unless an electricians' strike ends quickly, warned Mr. John Owen, managing director. Page 10

● POWER STATIONS costing £900m. must be ordered before they are needed if Britain's heavy power industry is to be saved from collapse, according to a Think Tank report. Back Page and Page 9

● BREAD PRICE war seemed more unlikely after another baking group, RHM, said it would not raise its basic level of trade discounts on bread. Page 9

● COFFEE prices are to be investigated by the Price Commission, said Mr. Roy Hattersley, Prices Secretary. Page 9

● EMPLOYMENT Department has expressed concern to Fleet Street newspaper proprietors about wage agreements which allegedly breach the pay policy and warned that difficulties could arise in applications for price rises. Page 10

COMPANIES

● DISTILLERS made higher pre-tax profit of £53.2m. (£42.5m.) on turnover of £376m. (£341m.) in the first half. Page 19 and Lex

● BURTON Group reported a £1.35m. pre-tax loss, against a £2.5m. profit the previous year, and the dividend is being halved. Page 19 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Anglia TV A	89	+ 4
BATs Inds. Dfd.	220	+ 5
Barclays Bank	225	+ 7
Bass Charrington	79	+ 6
Beecham	368	+ 12
Braithwaite	130	+ 12
British Sugar	260	+ 15
Burton A	29	+ 3
Cavenham	91	+ 4
Courtaulds	79	+ 4
Dunlop	69	+ 3
EMI	213	+ 5
Fisons	293	+ 8
Glaxo	387	+ 12
GUS A	168	+ 6
Hawker Siddeley	410	+ 10
Homfray	53	+ 4
ICI	305	+ 9
Ladbroke	93	+ 5
Land Secs.	120	+ 4
Lloyds Bank	185	+ 7
Lynton Holdings	65	+ 5
MEPC	48	+ 5
Royal Insurance	260	+ 10
Spear & Jackson	112	+ 6
Union Discount	280	+ 8
Wheeler's Restaurant	95	+ 5
BP	726	+ 6
LASMO/SCOT Units	252	+ 10
Shell Transport	424	+ 8
Guthrie	167	+ 10
Free State Geduld	£11	+ ¼
RTZ	171	+ 4
Selcast	65	+ 5
Thiess Holdings	176	+ 6

FALLS:

Treasury 13¼% 1993	£100⅞	− 1¼
Treasury 15¼% 1996	£100⅞	− 1¼
Davy Intl.	184	− 5
United Real Prop.	167	− 7

Oil rise may be 10-15% as OPEC stays deadlocked

BY RICHARD JOHNS: DOHA, Dec. 16

The major oil-producing nations were to-night bitterly divided over next year's oil price after an adjournment to allow Sheikh Yamani, the Saudi Arabian Oil Minister, to go back to Jeddah for top-level consultations.

Sheikh Yamani returned to the Organisation of Petroleum Exporting Countries' conference 10 hours after he had left for talks with Crown Prince Fahd, the First Deputy Premier and strong man of the Saudi regime.

The Sheikh is believed to have returned with new proposals in an effort to break what is perhaps the worst deadlock in OPEC for many years.

Before his departure from the capital of Qatar in the Gulf, Sheikh Yamani had restated the Saudi Government's position that the 15-month price freeze which expires in January 1977 should be extended for a further six months.

The majority of other States are bitterly opposed to this, with most members holding out for a minimum 15 per cent. increase.

It is too early to say what the final decision will be, but the likely area of compromise is between 10 and 15 per cent.

OPEC decisions require unanimity, although twice in 1974 Saudi Arabia was allowed (with the agreement of the others) to record its dissent over agreed royalty and tax increases.

To-night it remained unclear whether Saudi Arabia would refuse to go along with a 10-15 per cent. increase and—if it did so—such a drastic step would break up the oil cartel.

Sheikh Yamani has found himself isolated before, and has been forced to seek new guidelines from his political masters.

He may have returned to-night with a mandate flexible enough to bring about a compromise, even if Saudi Arabia declares that it will not raise its price by as much as the other producers.

Mr. Tayeh Abdel-Karim, Iraqi Oil Minister, dismissed Sheikh Yamani's exit as a manoeuvre, adding: "We know the position because King Khaled and others have said Saudi Arabia would accept 10 per cent."

The Iraqi warned that "Arab public opinion will not allow Saudi Arabia to maintain an independent stance." Sheikh Yamani's only source of support—and that is limited—is the United Arab Emirates.

Sudden

Sheikh Yamani's departure to-day recalled a similar dash to London during the September, 1975, conference. His latest move may have been related to a telephone conversation between the Shah of Iran and King Khaled on Wednesday night apparently aimed at bridging differences between the two leading oil exporters.

Other delegates remained unruffled by his sudden departure, despite the seemingly unbridgeable gulf between Saudi Arabia and the militants like Iraq and Libya.

Dr. Jamshid Amouzegar, chief Iranian delegate, suggested most countries wanted a 15 per cent. increase.

At one extreme, Iraq and Libya are holding out formally for a 26 per cent. rise in line with the Opec Economic Commission's finding that members' imports from the industrialised countries of the West will have risen by as much from October 1975, when the freeze began, to the end of this year.

But pressed on this point Iraq's chief delegate said: "In our opinion this is not ambitious but for the benefit of solidarity we might revise our position." In practice, too, Libya also would be prepared to settle for 15 per cent.

Kuwait proposed a 10 per cent. increase as a compromise which Venezuela and probably Indonesia would be prepared to accept. Eight others, including Iran, were sticking at 15 per cent.

Dr. Mana Otaiba, of the United Arab Emirates, which was aligned with Saudi Arabia at the outset, said that his Government was prepared for anything up to 10 per cent. and expressed the hope that others would come down to that level.

He complained of the lack of flexibility shown by members so far, commenting: "If things stay as they were this morning I think this is the gravest point OPEC has reached."

U.K. petrol may rise, Page 8

Major shipbuilding order for U.K. from Poland

BY DAVID LASCELLES AND JOHN WYLES

A SERIES of major Anglo-Polish deals involving British exports worth more than £200m. and a vital lifeline to the country's ailing shipbuilding industry were agreed in principle last night. The marked the climax of the three-day visit to Britain by Mr. Piotr Jaroszewicz, the Polish Prime Minister.

The contracts and the parallel success of the political discussions between British and Polish leaders have greatly strengthened relations with Poland.

The shipbuilding agreement, involving an undertaking by the Polish Steamship Company to order 22 bulk carriers worth up to £130m. from British yards, is not only one of the largest single blocks of orders ever placed with the British industry, but also one of the most unusual.

It had its origins with the merchant bank, Guinness Mahon, which has strong Polish connections, was negotiated in conjunction with the Organising Committee of British Shipbuilders, whose chief executive, Mr. J. Graham Day, resigned last week, and was brought to an unexpectedly swift conclusion by the Polish Prime Minister's visit and Mr. James Callaghan's apparent taste for exploiting contacts with other heads of government to bring off shipbuilding deals.

The Prime Minister was given some of the credit for an important Kuwaiti order won by Govan Shipbuilders earlier this year. But not until late on Wednesday evening it was decided that the shipbuilding deal should be included in the joint communique to be issued to-day.

The Polish commitment has been won by a financial package described last night as "imaginative" by one of its designers.

Details are obscure although Whitehall was stressing that the agreement was not in breach of the OECD's shipbuilding credit guidelines. This may be because such a package was unknown when the guidelines were written.

In outline, an Anglo-Polish company is to be set up in Poland with the Polish half responsible for owning and managing the vessels and the British half providing the financing. Repayments on the ships will be paid out of their earnings with construction capital being provided in Britain backed by some form of Government guarantees.

Orders for the ships will be placed by the organising committee of British Shipbuilders on the basis of competitive tenders by yards with experience of building vessels of this type, ranging from 4,400 deadweight tons to 36,000 dwt bulk carriers.

Delivery of the ship will be phased between 1977 and 1980. The order is of very great importance at a time when British yards are running out of business. Whitehall estimated that it would provide work for 8,000 men.

But with the employment situation becoming critical at several yards capable of building the ships, such as Scott Lithgow on the Lower Clyde, Robb Caledon on the Scottish East Coast, and Swan Hunter on the Tyne, the distribution of the orders could rapidly become a political issue.

Cementation International also signed letters of intent for the construction of an air terminal for the Polish airline Lot, worth £45m., and two hotels in the Baltic port of Gdynia worth about £22m.

Other agreements are a £5m. contract for a joint U.K.-Polish company Polibur to supply equipment for a cyclohexanone plant in Czechoslovakia, and deals by ICI and Shell for trade in chemicals.

This business came against the background of a new five-year economic co-operation agreement signed yesterday by Mr. Jaroszewicz and Mr. Callaghan.

Hope of sterling safety net

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT believes that it may be possible to reach agreement on a safety net scheme for sterling balances at a meeting of central bankers in Basle on January 10.

A senior Whitehall official said yesterday that it was possible that sufficient progress might be made at a special Bank for International Settlements meeting in Paris on Monday for some indication to be given of the general shape of the proposed scheme next week. He suggested that it might then be possible for talks to be concluded at the Central Bank governors meeting in Basle in mid-January.

Hopes of an early resolution to the sterling balances problems helped the pound yesterday afternoon after it had earlier weakened on further consideration of the economic measures announced by Mr. Denis Healey, Chancellor, on Wednesday, and after rumours of a large impending rise in oil prices.

Sterling closed at $1.6625, near its close on the previous evening in New York, but down 55 points on the day in London. This represents a two-day drop of 1.35 cents.

It also emerged yesterday that the economic measures would result in the loss of about 100,000 jobs by the end of 1978, although this officially is regarded as a very tenative estimate based on the usual forecasting relationships.

The Bank of England indicated yesterday that it would oppose too sharp a drop in minimum lending rate to-day. The message was that a reduction of ½ per cent. from the present 14¾ per cent. would be acceptable to the authorities but any bigger cut would not be welcome. During the week, rates in the money market had been at levels which, if maintained at to-day's Treasury bill tender, could have brought an MLR cut of ½ per cent. or more. The Bank gave its signal by lending to the market at MLR for seven days, the same technique it used to prevent a fall in each of the previous three weeks.

Officials also made it clear yesterday that any margin to allow income-tax cuts in the spring Budget—without pushing the public sector borrowing requirement above £8.7bn.—would have to come essentially from changes in the forecasts, such as a faster growth in exports than now assumed and a low pay limit for 1977-78, or from policy changes. These might obviously include further cuts in public spending or increases in indirect taxes.

The reference in the letter of application to possible further measures of between £500m. and £1bn. for 1978-79 if the economy looks like growing faster than 3½ per cent. a year in both 1978 and 1979 was clarified yesterday as a contingency in view of possible strains on capacity in the manufacturing sector rather than because of worries about possible financial pressures.

It also emerged yesterday that the International Monetary Fund's monitoring next year will involve the normal annual consultative visit in May which will review the figures, notably Domestic Credit Expansion, for 1977-78. In November, there is likely to be a further visit from an IMF team to examine and, if necessary, alter any of the projections for 1978-79. The Group of Ten is to meet in Paris on Wednesday in order to activate the General Arrangement to Borrow needed to raise the currencies for the IMF loan.

Reports on TUC economic committee and Tribune group meetings and also details of industry schemes Back Page ● Other reaction to the package Page 3 ● In Parliament Callaghan supports the Chancellor Page 14 ● Editorial comment Page 16

Bank official in court to-day

BY MARGARET REID

MR. MARTIN WALES, a Bank of England official, has been detained by the police and will appear at Bow Street in London this morning to be charged with a conspiracy offence concerning the investment currency premium.

The Metropolitan and City Police Company Fraud Department has detained five others with Mr. Wales. They will also appear at Bow Street this morning.

All will be charged in connection with matters concerning the investment dollar premium.

Mr. Wales, described as a member of the supervisory staff in the exchange control department of the Bank, was suspended in September on full pay while alleged breaches of exchange control regulations involving a Bank employee were investigated.

In April the Bank announced: "In the context of recent allegations in the daily Press and elsewhere the Bank of England announced to-day that investigations are being conducted in conjunction with HM Treasury with a view to discovering whether any official of the Bank has knowingly been involved in any breaches of the Exchange Control Act 1947.

"If any evidence sustaining such an involvement is found, the normal machinery will be brought into action with a view to a prosecution."

The Treasury investigation was handed to the Director of Public Prosecutions in August. He called in the Fraud Squad, formally known as Scotland Yard's Commercial Branch.

It was then said the inquiry concerned a technical official on the Bank's exchange control staff who at that time was working at the Bank and performing "normal banking duties."

It was indicated that the inquiry included the investment currency premium, the premium on the limited volume of foreign currency which is available for investment in overseas securities.

Mr. Wales was one of 50 "signatories" in the Bank's exchange control department, which employs about 750 people. This is not a senior position but carries authority to sign letters replying to exchange control requests.

£ in New York

—	Dec. 16	Previous
Spot	$1.6620-6640	$1.6780-6780
1 month	1.57-1.52 dis	1.54-1.50 dis
3 months	4.16-4.11 dis	4.17-4.13 dis
12 months	13.10-13.00 dis	13.06-12.95 dis

Referendum in autumn on devolution

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS bowed yesterday to growing pressure from Labour and Conservative MPs and agreed to hold a referendum before the Scotland and Wales Bill, setting up separate assemblies in Edinburgh and Cardiff, takes effect.

Detailed provisions, including the questions to be asked and whether England will be involved, have to be decided. Indications are that the referendum will be held in Scotland and Wales only, some time in the autumn.

Ministers remained adamant that the devolution legislation, which was due to complete its four-day second reading in the Commons last night, must go through all its Parliamentary processes before the referendum is held, but they believe that yesterday's pledge will take much of the sting out of Labour backbench opposition to the Bill.

It is possible that Scotland will vote in favour of the devolution proposals in the Bill and that Wales will vote against. But Mr. John Smith, Minister of State at the Privy Council Office, told MPs that this situation could be met without difficulty if it occurred.

The announcement of a referendum came after a Cabinet meeting when Ministers were given a warning that there was a danger that the Bill could be lost altogether because of an all-party Commons amendment refusing to back the legislation unless a referendum were promised.

Had Mr. George Thomas, the Speaker, chosen the amendment, signed by more than 150 MPs, and no promise on a referendum had been given, there was every prospect that the Bill would have been lost on procedural grounds. Ministers preferred to bow immediately to pressure for a referendum which was becoming unstoppable.

There remain many unanswered questions on the type and scale of referendum and much will depend on the cross-party liaisons which will be set up next year during the marathon committee stage of the Bill. Many MPs insisted last night that introduction of a referendum inevitably would mean an extension of the 30 days already committed to the Bill.

Rejection

Some Ministers and Tory leaders are known to favour a series of questions including one on whether the people of Scotland favour total independence. The hope would be that an overwhelming majority would vote for devolution, but continuing union with the rest of the U.K. This would have the effect of undermining the cause of the Scottish National Party.

The final day of the second reading debate showed the depth of the division in the Conservative Party over the shadow Cabinet's total opposition to the Bill and declining commitment to any form of devolution.

In a forceful speech restating his belief in a meaningful degree of devolved power to Scotland, Mr. Edwad Heath confirmed his rejection of the shadow Cabinet three-line whip in opposition to the Bill. He declared firmly that he would not vote against the second reading.

Mr. John Corrie, MP for Bute and North Ayrshire, resigned as Scottish Tory whip last night after having had a previous offer to resign rejected by Mrs. Thatcher. Mr. Corrie, a staunch pro-devolutionist, said in a state-

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For latest Share Index 'phone 01-246 8026

LOMBARD

Paying for those local services

BY COLIN JONES

IT WOULD surely be more satisfactory for everyone if the scale of public expenditure were sometimes reduced not only by rapidly devised spending cuts of the kind we have seen this week but also as the result of a considered review of particular policies and the manner in which they are being administered. There are a host of areas where such a review is long overdue But one to which little attention has been paid is the charging policies of local authorities not only for major local services like housing, car parks, and buses, but also for crematoria, swimming baths, children's homes, slaughter houses, allotments and umpteen other activities. In all, local councils are currently raising well over £2bn. a year from fares, rents, fees and charges; so one can hardly say that any extra revenue—and thus any reduction in net expenditure—which may result from a review of charging policies would inevitably be insignificant.

Naturally, such review would begin by considering whether local councils ought always, as a matter of course, to adjust their charges in line with inflation. Present practice varies widely not only as between the different services for which charges are made but also as between individual authorities. In aggregate, however, increases in charges have in recent years tended to fall well behind the rise in costs.

Rent policies

The Government's housing finance review is presumably considering council housing rent policies—where, thanks to growing government as well as rate fund subsidies, rental income this year is expected to cover only about 43 per cent. of pooled historic costs as against about 70 per cent. in the early 1970s. Successive Ministers of Transport have also been trying to prevail upon the GLC, South Yorkshire, and other councils to adopt a more sensible attitude to the role of subsidies in local transport services. But even in the case of local trading services — which presumably come closest to anyone's definition of commercial services—charges covered only about half of allocated costs in 1973-74, as against well over 90 per cent. ten years ago, and the proportion is probably even lower to-day.

The traditional idea that charging policy ought to be—and, indeed, has always been—left to local discretion is a myth. On the one hand, local councils which desired to keep their charges abreast of inflation have been handicapped by governmental counter inflation policies. On the other, governments frequently exert an influence over specific charging policies during the rate support grant negotiations.

The scales of some licence fees—and the assessment scales for school meal charges—are laid down by statute, while as far back as 30 years ago local councils were forbidden by law from running a civic restaurant should their charges fail to cover costs for three years running. Not only have successive governments clearly regarded local charging policies as a matter for central consideration when it suits them. There is also as little evidence of a consistency of approach at the centre as locally.

The extent to which the users of local services for which charges are made should be shielded from the effects of inflation is, however, not the only matter a wide ranging review of local charging policies ought to consider. Even more important is the question of whether it is appropriate in to-day's circumstances for the users of particular services for which no, or only a nominal, charge is currently made to be subsidised at all. At one time it may have been right for local councils to provide, say, a slipper bath, an allotment, a laundry, a fiction lending library, a slaughter house, or a wartime British Restaurant as a subsidised public service. But, while ideas about social need and, indeed, the demand for such services, subsidised or otherwise, may change, local authority practice may adapt all too slowly. Once a service has been introduced, it can easily become a tradition to go on providing it.

Emotions

As the row over museum charges demonstrated, strong emotions can lurk beneath the surface of the conventional wisdom. But a wider use of market pricing in the local authority sector need not begin with politically controversial ideas like education vouchers: there are other, less contentious services such as allotments, markets, and harbours where uncommercial charges may not be the most sensible. As has been pointed out by the Institute of Economic Affairs—which has long been an advocate of the market system and which has recently published a critique of this aspect of the Layfield report on local government finance—market pricing can not only be more efficient (since costs become explicit) but also more democratic in the case of a local service which confers private benefits more than public benefit.

RACING — BY DOMINIC WIGAN

Kininvie has the edge

IN SPITE OF a disappointing turn-out of only five runners, to-day's two miles Brandon Chase at Sedgefield could present the most interesting event on the card, for all in the quintet—made up of Donohill, Never There, Suspender, *Kininvie* and Subway—are course and distance winners.

My idea of the likely victor is Arthur Stephenson's locally trained Kininvie, who represents his trainer's powerful Bishop Auckland stable in preference to stable mate, Kickam.

Kininvie, a bay son of that highly successful sire of jumpers, Raise You Ten, has put up several creditable performances since obliging in modest company on his season debut. Although held, strictly on the book, by last year's winner, Never There, on recent running at Wetherby, I believe that this afternoon's much improved going will give him the edge.

Two other likely prospects for Stephenson, represented in all six races, are *Tony's Tot*—whose task in the Shadforth Chase has probably become considerably less formidable with the withdrawal of Chosen Slave—and *Glenturk*, among the runners for the Whessoe Novices' Hurdle.

The last named, a son of the ill-fated Petingo, showed ability on the flat last season when trained by Denys Smith, and two recent efforts over the minor obstacles will probably have taught him enough to land this modest prize.

While County Durham racegoers are taking in events at Sedgefield, West Country enthusiasts are likely to be trying to find the winners on Devon and Exeter's tricky seven race card.

Here the best bets of the afternoon in my opinion are *Rathdaniel* and *Willy What*.

The former, an inmate of Richard Head's highly successful upper Lambourn Stable, which houses Border Incident, won with a sufficient amount in hand when justifying favouritism in a 20-runner event at Warwick a fortnight ago to suggest that he will make short work of the opposition in the first division of the Chudleigh Novices Hurdle, while Willy What seems weighted to win the Silverton Chase provided that he runs up to his best form.

The clerk of the course at Catterick reports that snow on the Yorkshire track is jeopardising Saturday's intended programme, and there may have to be a course inspection there to determine whether racing goes ahead.

SEDGEFIELD

12.45—Palace
1.15—Montreal Boy
1.45—Kininvie*
2.15—Tony's Tot
2.45—Welton Lad
3.15—Glenturk

DEVON AND EXETER

12.30—Rathdaniel***
1.00—Alexangle
2.00—Willy What**

SALEROOM — BY ANTONY THORNCROFT

Jewels brighten a quiet day

SOTHEBY'S held several small auctions yesterday as the London salerooms wound down towards their long Christmas break. As usual the top price was paid at a jewel sale, £13,000 for a diamond, set solitaire as a ring. A sapphire and diamond brooch sold for £5,200 and a diamond pendant for £4,300.

An auction of English and Continental drawings and watercolours realised £18,684, with a best price of £1,750 from the Covent Garden Gallery for a volume of prints and drawings which had been estimated at only £60. A print sale added £55,553, the two highest prices being £1,400 for two plates from La Taurmaquia by Goya, and £1,100 for two more plates from the same work.

Another Sotheby's auction covered silver and plate. This totalled £49,938. Koopman paid £1,300 for a George II baluster coffee pot and Sachs £1,100 for a Queen Anne tankard of 1712 by Samuel Thorne.

At Sotheby's in Belgravia English ceramics added £30,691, a pair of Royal Worcester vases of 1911 selling for £920. In Chancery Lane the first day of a book and letter sale brought in £13,005.

A first edition of Ulysses sold for £620, and a signed copy of Anthony Powell's "Caledonia," a first edition of 1934, £420. Other interesting prices were the £145 for a first, autographed, edition of Virginia Woolf's "On Being Ill," and £80 for a presentation copy, enscribed to Ramsay MacDonald, of Winston Churchill's "The World Crisis," volume four.

Christie's had a quiet day, selling furniture and rugs for £40,518. The top price was the £1,450 for a 17th century Flemish verdure tapestry. A Tabriz carpet made £1,600. An 18th century oak kitchen table and a mid-18th century French Provincial elm armoire made £1,300 each.

Phillips auction of musical instruments totalled £41,948, with just one per cent. unsold. Felling gave £1,700 for a gold mounted violin bow by Alfred Joseph Lamy of Paris, an auction record for a bow by this maker who was active around 1900. Kaku, a Japanese buyer, paid £2,800 for a Neopolitan violin of 1820, made in the Gagliani workshop.

The first day of the two-day Phillip's auction at Adel Lodge, near Leeds, produced a total of £15,280 and a top price of £2,500 for an oil painting of Heidelberg by James Webb, dated 1878.

Bonham's sold Oriental works of art for £38,710 with a best price of £780 for a lacquer writing box, bought by Woods Wilson. Furniture added £19,420. Neames bought a George III mahogany display cabinet for £2,500.

Avon Tyre to sponsor rally

AVON TYRES is to sponsor the 1977 Auto-Cycle Union National Rally, which will be renamed the Avon-ACU National Rally. A West Country venue, close to Avon's main tyre factory at Melksham, Wilts., is expected to be chosen as the final control point.

There, on the morning of August 7, the 1,000-plus competing motor-cyclists will meet at the end of the two-day event.

The rally is a road competition for private and club riders using everyday production machines. With a mileage map and a control list supplied before the event each competitor works out his own route from any point in the country.

Maximum permitted mileage in the two days is 600 and marks are awarded as riders arrive at as many of the 80 control points as possible.

The nine classes include solo machines, sidecars, mopeds and three-wheelers. Mr. Peter Wills, marketing director of Avon Tyres, said: "Our sponsorship of this rally is part of our growing involvement in motor-cycling. Its many hundreds of active participants give it a character all of its own."

Changes in law may be needed for new audit system

FINANCIAL TIMES REPORTER

FINANCIAL TIMES INFLATION ACCOUNTING CONFERENCE

CHANGES IN company law might have to accompany the introduction of current cost accounting, the Financial Times conference on Inflation Accounting—the proposed Standard—was told yesterday.

Mr. Richard Wilkes, chairman of the accounting bodies' Auditing Practices Committee, said audit reports under the new current cost accounting system would probably no longer state that the accounts gave a true and fair view—the famous formula which had been in use here since 1948.

In his view there would be a move towards an audit opinion that reported the accounts fairly presented the profit and state of affairs.

It would be necessary to change the law for this. "The sooner the profession makes up its mind on this view, and follows this with representations to Government, the better it will be."

The proposed standard did not suggest any revision of company law as it affected auditors' responsibilities. "The auditor will be in the same position as he is now. That is, he will be required to report on the truth and fairness of the accounts he is auditing.

"It is when we come to the considerations of value under the CCA system of accounting that we come to the major impact on the auditor's role. Inevitably management will have to use its judgment in the assessment of an asset's current value for inclusion in the balance sheet.

"Initially this is an exercise to be carried out by management, then the auditor will have to use his judgment as to whether management has in its assessment taken account of all the proper factors to arrive at what can only be an estimate, albeit a fairly precise one."

In essence the name of the game for the auditor under current cost accounting would be judgment.

It was important that the amounts appearing in the current cost accounts should not be reported in figures which in any way indicated a greater degree of accuracy than could be justified.

"For instance, I do not believe that any audited current cost accountancy accounts should be expressed to a greater accuracy than £1,000."

Dangers

A workable method of arriving at inflation-adjusted profits must be introduced quickly, Mr. P. J. Custis, finance director of Guest Keen and Nettlefolds, told the conference.

"The accounting profession has already spent too many years debating technicalities, while the dangers of over-distribution and over-taxation of profits have multiplied."

The essential adjustments for inflation could be brought into accounts and shown to be derived from verified historic costs. "This could be achieved by limiting initial requirements to a profit and loss account which incorporated index-linked depreciation charges and costs of sales adjusted for stock appreciation.

"The assimilation of the changes which this would involve, and which would require the education of accountings staffs throughout the U.K. and in overseas subsidiaries, would be a difficult enough task, but one in which successful and rapid adoption could be predicted with reasonable confidence."

He stressed that to promote consistency and avoid manipulation, the standard should make the use of authorised external price indices compulsory for all valuations of plant and machinery.

The approach he advocated required only a modification to the steering group's proposals in order that historic cost accounts were retained within inflation accounts as the basis from which they were derived.

Welcome

The other essential change he wanted was concerned with the phasing rather than the nature of the procedures to be adopted. The exposure draft said phasing by size of company had been chosen in preference to phasing by item in accounts.

"This is the wrong choice. All businesses, irrespective of size, should change to inflation accounting simultaneously.

"This is a practical proposition if the initial change is restricted to an adjustment of the profit and loss account derived from historic cost accounts."

Mr. J. Forbes, finance director of Cadbury Schweppes, said the debate on whether CCA results would change the pattern of dividend distribution to companies had not realy started. "But it seems unlikely that CCA operating gains alone will provide a basis for improved dividends.

"Whilst I welcome the discretion left to directors with regard to the distribution of holding gains, I view the practical implications with misgiving. For example, from a multinational viewpoint we are likely to see a mixed bag of tax charges in the consolidated profit and loss account, and directors will find some difficulty knowing whether stock relief is permanent or withdrawable."

Mr. Michael Lafferty of the Financial Times said: "All the major Anglo-Saxon countries are now moving towards CCA-type accounting systems, whereas two years ago current purchasing power (CPP) was all the rage and unlikely to gain much support.

"There were probably five 'vital' countries to be considered where, if agreement could be reached, the prospects for international standardisation were enormously enhanced. They appeared to be: the U.K., France, Germany, the Netherlands and the U.S.

"Of these, only France has yet to come forward with some implementable inflation accounting proposals. The Germans are not enthusiastic."

But no matter how long it took to achieve international harmonisation there could be no excuse for not making progress in the EEC. The U.K. was in a powerful position from which it should be able to give a lead to the rest of the EEC.

Prof. W. T. Baxter, Emeritus Professor of Accounting at the London School of Economics and Political Science, said inflation accounting was needed, but he hoped a change so fundamental would be approached with modesty.

"We should move forward by steps cautious enough to let us test our theories and adjust for practical dangers as we go. The Morpeth Programme will take us, at one giant leap, deep into unknown territory where dangers abound.

"The usual answer to such pleas for caution is that speed is here essential: if accountants themselves do not rush out a new standard, government will do it for them." However, if Government was indeed bent on absurdity, perhaps the wisest course was to disassociate from it and let Government take the blame.

In his closing remarks to the conference, Sir William Slimmings, the chairman of the Accounting Standards Committee, called for constructive comments on the exposure draft. From the questions which had been asked he thought that the monetary items problem "stood out a mile."

He was also bothered by the proposed treatment of contract work in progress and he called for a wide discussion on this point over the next six months. Sir William is chairman of the joint Treasury-CBI Review Board on Government Contracts.

TV/Radio

† Indicates programme in black and white.

BBC 1

12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.50 Ring-a-Ding. 3.00 Her Nodiant. 3.30 The Sky at Night. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Emu's Broadcasting Company. 5.10 The Discoverers.
5.40 News.
5.55 Reporting England.
6.20 Nationwide.
6.40 Sportswide.
†6.50 "King Kong" (original version) starring Fay Wray, Robert Armstrong and Bruce Cabot.
8.25 When The Boat Comes In.
9.15 News.
9.40 The Quest.
10.30 To-night.
11.00 Show Jumping.
11.45 Regional News.
11.48 The Friday Film: "Story Of A Woman."

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. O Dan Y Mor. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 Holmes and Yoyo. 7.35-8.25 Gemini Man. 10.30-11.00 Kane on Friday. 11.45-11.46 News for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 10.30-11.00 Current Account. 11.45-11.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.30-11.00 Gallery. 11.45-11.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.30-11.00 North (Leeds) ... And Peppermint: North-West (Manchester) Home Ground: North-East (Newcastle) Bonny Lad; Midlands (Birmingham) Off The Cuff; West (Bristol) The "E" (for Environment) Show; South-West (Plymouth) Peninsula; South (Southampton) Bioscope Days; East (Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
7.00 p.m. News on 2 Headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
7.55 Oh, To Be In. . . .
8.20 The Money Programme.
9.10 Rutland Week-end Television.
9.40 A World of Music presents Petula Clark.
10.30 Brensham People.
11.20 Late News on 2.
11.30 Open Door.
12.00 Closedown: Leslie Sands reads "The Reading Lesson" by Richard Murphy.

LONDON

9.30 a.m. A Diary of Civilisations. 10.20 Animated Classics. 11.10 Cowboy in Africa. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Battle of the Comics. 1.00 News plus FT index. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Money-Go-Round Good Afternoon. 2.25 Friday Matinee: "Playmates." 3.50 Emmerdale Farm. 4.15 The Siege of Golden Hill. 4.45 Magpie. 5.15 University Challenge.
5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 David Niven's World.
7.30 Sale of the Century.
8.00 Within These Walls.
9.00 Police Woman.
10.00 News at Ten.
10.30 The Rise and Rise of Laura Ashley.
11.30 The Friday Film: "Life In Danger."
12.45 a.m. Close: Leonard Pearce reads Prayers from the Ark by Carmen Bernos De Gasztold, translated by Rumer Godden.

All ITV Regions as London except at the following times:—

ANGLIA

10.10 a.m. Inner Space. 10.35 Breaktime 5. 10.40 Rogue's Rock. 11.30 The Electronic Theatre Show. 11.55 The Woozies. 1.25 p.m. Anglia News. 2.25 Friday Afternoon Film: "Love American Style." 6.00 About Anglia. 7.00 Bless This House. 8.00 The Streets of San Francisco. 9.00 Des O'Connor Entertains. 10.30 Probe. 11.00 Friday Late Film: "The Devils Daughter." 12.20 a.m. Your Music at Night.

ATV/MIDLANDS

10.15 a.m. Something to Sing About. 10.40 Untamed World. 11.05 Platform for Today Special. 11.45 Cartoons. 1.20 p.m. ATV Newsdesk. †2.25 "So Long at the Fair." 5.15 Spiderman. 6.00 ATV Today. 7.00 Cartoon. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. 10.30 Extra Time. 11.00 "Terror on a Train."

BORDER

9.55 a.m. Hammy Hamster's Adventures on the Riverbank. 10.05 Woobinda—Animal Doctor. 10.30 Breaktime 5. 10.35 Rogue's Rock. 11.25 The Electric Theatre Show. 11.55 The Woozies. †1.20 p.m. Border News. †2.25 Friday Matinee: "Time Gentlemen Please" 6.00 Border News and Lookaround. 7.00 Studio One. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. 10.30 This Sporting Month. 11.00 Late Night Film: "Fragment of Fear." †12.40 a.m. Border News Summary.

CHANNEL

1.15 p.m. Channel Lunchtime News and What's On, Where. 2.25 The Friday Matinee: "Seven in Darkness." †6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Two's Company. 8.00 The New Avengers. 9.00 Police Woman. 10.30 Late With Danton. 10.50 Late Night Movie: "Indict and Convict." †12.30 a.m. News and Weather in French.

GRAMPIAN

10.35 a.m. Breaktime 5. 10.40 Rogue's Rock. 11.30 The Electric Theatre Show. 11.55 The Woozies. 1.20 p.m. Grampian News Headlines. 2.25 Hawkins. 5.15 The Mary Tyler Moore Show. 6.00 Grampian Today. 7.00 Welcome to the Ceilidh. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. †10.30 Friday Film: "The Grapes of Wrath." followed by Road and Ski Report. 12.30 a.m. Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.20 Night Flight to Berlin. †11.15 Chess Masterpieces. 11.25 Clapperboard. 11.45 Baldmoney, Sneezewort, Dodder and Cloudberry. 1.20 p.m. What on Earth. 2.25 Mystery Movie: McCloud. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 7.00 Cartoon. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. †10.30 Red Roses Every Night: "And Then There Was None," starring Barry Fitzgerald.

HTV

10.20 a.m. Hammy Hamster's Adventures on the Riverbank. 10.30 Breaktime 5. 10.35 Rogue's Rock. 11.25 The Electric Theatre Show. 11.55 The Woozies. 1.25 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 Out of Town. 2.55 The London Nobody Knows. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Bless This House. 7.00 Rising Damp. 7.30 Six Million Dollar Man. 8.30 Sale of the Century. 9.00 Des O'Connor Entertains. 10.35 Report Extra. 11.05 Terror! "The Beast in the Cellar."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion y Dydd. 4.14-4.45 The Woody Woodpecker Show. 6.00-6.15 Y Dydd. The John Morgan Programme. 12.05 a.m. Bless This House. 6.30-7.00 Pollination. 10.35 Outlook. 11.05 [illegible]

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Head lines. 6.15-6.30 Report West.

SCOTTISH

10.35 a.m. Breaktime 5. 10.40 Rogue's Rock. 11.30 The Electric Theatre Show. 11.55 The Woozies. †1.25 p.m. Road and Weather Report. 2.00 Women Only. 2.25 Friday Matinee: "All My Darling Daughters." 5.15 Calimero. 5.20 Crossroads. 6.00 Scotland Today. 6.35 Jonathan Routh and Candid Camera. 7.0 Meet Marie Gordon. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. 10.30 Ways and Means. 11.00 Late Call. 11.05 Feature Film: "The Rookies."

SOUTHERN

10.00 a.m. Baldmoney, Sneezewort, Dodder and Cloudberry. 10.10 Survival. 10.3 Breaktime 5. 10.40 Rogue's Rock. 11.3 The Electric Theatre Show. 11.55 The Woozies. 1.20 p.m. Southern News. 2.0 Women Only. 2.25 The Friday Matinee "Hound of the Baskervilles." 5.15 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 38 and 60). 6.0 Scene South East (Channels 10, 43, 6 and 66 only). 6.35 Out of Town. 7.0 Jonathan Routh and Candid Camera. 8.0 The New Avengers. 9.00 Des O'Connor Entertains. 10.30 David Niven's World. 11.00 Your Men at Westminster. 11.3 U.F.O., 12.25 a.m. Southern News Extra.

TYNE TEES

10.30 a.m. Starting Point. 10.35 Breaktime 5. 10.40 Rogue's Rock. 11.30 The Electric Theatre Show. 11.55 The Woozies. 1.20 p.m. North East News and Lookaround. 2.25 Friday Film Matinee: Hawkins. 5.15 The Flintstones. 6.00 Northern Life. 7.00 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.0J Des O'Connor Entertains. 10.30 Sportstime. 11.05 The Friday Night Film: "The Psychopath." 12.35 a.m. Open Bible.

ULSTER

10.35 a.m. Breaktime. 10.40 Children's Drama. 11.30 The Electric Theatre Show. 11.44 The Woozies. 1.20 p.m. Ulster News Headlines followed by Lunchtime. †2.25 Friday Matinee: "Laurel and Hardy in Toyland." 3.48 Ulster News Headlines. 6.00 UTV Reports. 6.25 Police Six. 7.00 Phyllis. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. 10.J6 Sportscast. 11.00 Friday Film: "Two For The Money."

WESTWARD

10.05 a.m. Elephant Boy. 10.30 Breaktime 5. 10.35 Rogue's Rock. 11.25 The Electric Theatre Show. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Friday Matinee: "Seven In Darkness." 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Two's Company. 8.00 The New Avengers. 9.00 Police Woman. 10.32 Westward Late News. 10.35 Late With Danton. 10.50 Late Night Movie: "Indict And Convict." 12.30 a.m. Faith For Life.

YORKSHIRE

10.30 a.m. "A Connecticut Yankee in King Arthur's Court." 1.20 p.m. Calendar News. 2.25 Hawkins. 5.15 The Flintstones. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Cartoon Time. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Des O'Connor Entertains. 10.30 Calendar Sport. 10.45 The Friday Night Film: "The Yellow Rolls-Royce."

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 7.10 and 8.10 Cricket: First Test: India v. England (report). 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02 11.30 Harry Carpenter's Open House (S) including 9.40 Cricket report. 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 11.40 Cricket report. 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 78 Show. 7.30 Sammes' Songs (S). 8.02 Jack Dorsey conducts the BBC Radio Orchestra (S). 9.02 Friday Night Is Music Night (S). 10.02 Sports Desk. 10.07 Sequence Time at the Radio 2 Ballroom (S). 11.02 Len Jackson with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

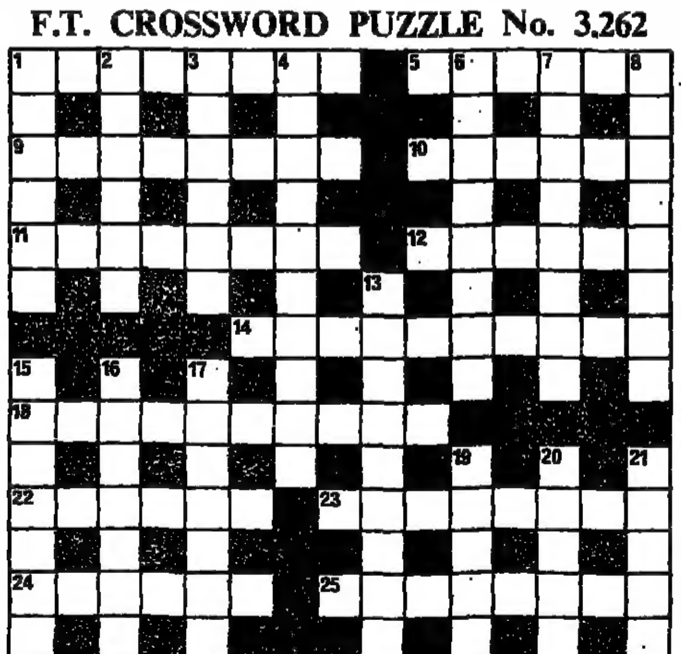
6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Britten and Bridge (S). 9.45 Hungarian Violin and Piano Sonatas (S). 10.30 BBC Concert Orchestra (S). 11.30 Baroque Instruments (S). 12.00 Midday Concert part 1 (S). 1.00 p.m. News. 1.05 Playbill (S). 1.20 Concert part 2 (S). 2.05 Schumann song recital (S). 2.40 New Music From Hungary (S). 3.15 Haydn chamber music concert (S). 3.45 Composer's Portrait (S). 4.45 Weber Piano Sonatas (S). 5.25 Viola Sounds (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Leisure and Recreation. 7.30 Music from Pebble Mill part 1: Corelli, Rossini (S). 8.00 Titian—by Vasari. 8.15 Music from Pebble Mill part 2: Vivaldi (S). 9.25 Government and the Civil Service. 9.35 Schoenberg concert (S). 10.05 The Triumph of Titian by Kenneth Clark. 10.45 Music Now. 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF
†Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Something To Declare. 11.50 Over The Farm Gate. 12.00 News. 12.02 p.m. You And Yours. 12.27 Just A Minute. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Manchester, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 The Burkiss Way. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.25 Party Political Broadcast on behalf of the Liberal Party. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week Ending . . . . 11.40 News.

F.T. CROSSWORD PUZZLE No. 3,262



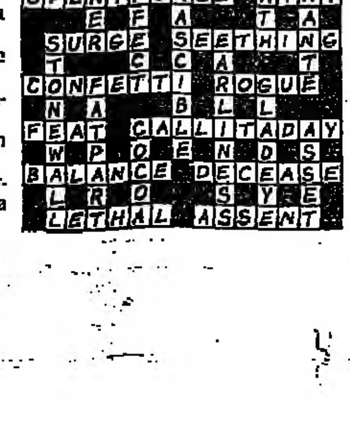
ACROSS

1 The fruit of invasion (8)
5 A donative for the loquacious (3, 3)
9 Recoils from a sure bond (8)
10 Request like a monarch (6)
11 Precise details of pleasant obligations (8)
12 The playwright would make a good emperor (6)
14 Hit a chap on the head—you need a solicitor (5, 5)
18 Domestic pet for a nice satrap (7, 3)
22 Keep thanks in check (6)
23 Diana's island is separate (8)
24 Sailor and Scot meet on the road (6)
25 It's a wonder the company meet the damage for us (8)
26 We have the right to come in as a tenant (6)
27 A bad cold can make you flag (8)

DOWN

1 The wool makes Ireland in a short time (6)
2 It is good fortune to be inside this German town (6)
3 The spirit of justice protecting Thespians (6)
4 Diversionary subject from Russian waters? (3, 7)
6 "The simple dues of fellowship and social comfort in a ——" (Browning) (8)
7 No cold feet for such a bishop (8)
8 A large feature that betrays the boaster (3, 5)
13 Wait anxiously—in the sauna? (5, 2, 3)
15 Work time to the right dealer in stocks (8)
16 "Let there be no strife, I pray thee . . . for we be ——" (OT) (8)
17 Appease a young child about to follow one up (8)
19 The current mood starts the play (3, 3)
20 Write the amount as an imposition (6)
21 There is not so much alternative for a landlord (6)

SOLUTION TO PUZZLE No. 3,261



All things nasty

by NIGEL ANDREWS

The Pink Panther Strikes Again (U) Odeon Leicester Square
Marathon Man (X) Plaza 1 & 2
The Ritz (X) Warner 4
The Scarlet Buccaneer (A)

We owe the birth of Inspector Jacques Clouseau to an accident. Peter Sellers took over the part from Peter Ustinov when the latter withdrew from the original cast of *The Pink Panther*. The role gradually expanded, and so did its box office possibilities. Last year's *Return of the Pink Panther* has established itself as the highest grossing comedy in film history, and if any script can be calculated to write Clouseau's incompetence even larger it is *The Pink Panther Strikes Again*. Here again are the soft hat and the bulging trenchcoat and the sensitively twitching moustache. Here again is that contortionist voice ringing ear-defying variations on a French accent: "Hev you er rheum?" winning by a short head over "May ah use yer pheaune?" as the phrase Clouseau enthusiasts most love to wince at.

Professionally, writer-director Blake Edwards's hero has gone up in the world since we last met him. Clouseau is now Chief Inspector at the French Sureté. His former boss, Dreyfus (Herbert Lom), is sequestered in a lunatic asylum from which, despite his doctor's assurances that only rest and patience will cure him of Clouseau-phobia, he cannot contain his eagerness to depart. He escapes; and with the help of a kidnapped scientist (Richard Vernon) sets in motion a plan for world domination by which he hopes to blackmail the world's leaders into a united effort to assassinate Clouseau.

In the global cat-and-mouse game that follows, Lom and his death-dealing machinery take up residence in a Bavarian castle while Clouseau slaloms debonairly between international assassination attempts. After some erratic spy-spoof comedy set in Munich during the Oktoberfest, the film unveils its best scenes for the climax: Clouseau's wet and repeated attempts to cross the castle moat into Lom's lair; his masquerade as a visiting dentist, undone by a runny nutty nose and an unerring talent for drilling the wrong tooth; his last-ditch attempt at an Errol Flynn rope swing, which rather than hurling him bodily at his victim, swings him clear across the room and out through the window the other side.

It is no surprise that, among other accolades, Inspector Clouseau has been honoured with immortality in a cartoon series. He has the classic attribute of animation heroes — indestructibility: and as much as in his own incompetence Clouseau's comic appeal lies in the slow burn emotional devastation he causes in those around him. Lom's demented villain is in this respect a perfect foil; and although his demise at the end of the film adds weight to the makers' insistence that this will be the last of the Panther series, time and box office receipts may yet find the means for a resurrection.

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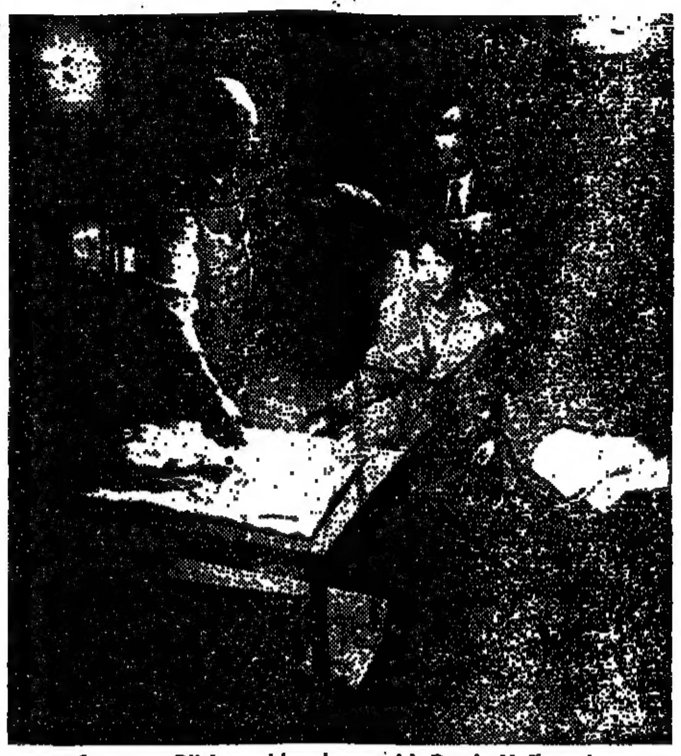
Marathon Man. John Schlesinger's new thriller set in New York, is a film constructed almost entirely of gimmicks. Gimmickry has dictated the film's central story idea—the spectre of Nazism rising up in the brash, busy, modern world of New York—and gimmickry has dictated the casting: Dustin Hoffman, he of the pensive stoop and the bird-like features, playing a man who dreams of glory in the Olympic marathon, and Laurence Olivier guesting through an extraordinary role as a German ex-concentration camp "doctor" who comes to New York incognito to bail out a war-time cache of diamonds secreted in a city bank vault. The plot is set in motion by the murder of Hoffman's brother (Roy Scheider), an undercover agent working for a kind of Nazi-trapping organisation (and also, confusingly, as a double agent for Olivier), whose death sets Hoffman on Olivier's trail, and Olivier, more menacingly, on his.

Hitherto, John Schlesinger's gaudier tendencies as a director have been tempered by intelligent scrips and a shrwed and sensitive choice of actors. But he has always had it in him to make a truly vulgar film, and *Marathon Man* is the most meretricious attempt yet to cash in on to-day's flourishing celluloid vogue for Nazism and all things Nazi. Schlesinger confounds a story already rich in confusion (based by William Goldman on his own novel) by playing up the film's cloak-and-dagger set pieces at the expense of any sort of coherent plotting: and by leaving no exotic locale unturned (the Champs Elysees in Paris, the Lincoln Centre and Brooklyn Bridge in New York) in his attempt to set the sweaty intrigues and chicanery of his characters against a series of eye-catching backcloths.



Laurence Olivier and henchman with Dustin Hoffman in 'Marathon Man'

But there are so many implausibilities in the film's staging, and so many loose connections in its plotting, that even potentially electric scenes like the one in which Olivier sets about torturing Hoffman with a dentist's pick, splutter out through lack of any power supply from the main narrative. It is typical of the fitful logic of the storyline that the hero's eponymous athletic obsession, celebrated in scenes of him jogtrotting along the East River, proves almost completely irrelevant: serving no purpose but to give Hoffman an extra yard of pace and stamina when he makes a belated getaway from his persecutor's hideout. Schlesinger's American period began promisingly enough eight years ago with *Midnight Cowboy*: but with *Marathon Man* following close on the heels of the lamentable *Day of the Locust*, it is perhaps time the British director thought about another change of scene.

The Ritz is set in a New York gay sauna, where the love that once dared not speak its name now shrieks it several decibels above the pain level. Assailed on one side by the dewy-eyed cuteness of *Saturday Night at the Baths* and on the other by the hectoring slapstick of *The Ritz*, the filmgoer unfamiliar with these pleasure palaces of the 'seventies is likely to wonder where, in the gulf between two equally unalluring versions, the truth lies. He can be assured that it lies nowhere near *The Ritz*: in which a multi-storey Art Deco bath-house serves as the setting for a comedy of mistaken identity and multiple entendre that one hopes worked more convincingly on the Broadway stage (it is adapted from his own play by Terence McNally) than to this perspiring, unfunny film version by Richard Lester.

The plot concerns a pudgy, middle-aged Italian American (Jack Weston) who is on the run from his murderous Mafioso brother-in-law. He takes refuge in the bath-house, the last place his would-be assassin is likely to look: only to discover, at the end of the film, that the latter in fact owns it. Prior to that revelation, he has spent much time and energy avoiding the attentions of the club's clientele: who include not only the expected gaggle of strident homosexuals, but a handsome young detective (straight; but speaking for no apparent reason in a falsetto voice), and one Googie Gomez, a producer-hungry cabaret singer played with prodigious élan but little subtlety by Rita Moreno. Trousers are dropped, doors are slammed, beds are hidden under; and only the film's "permissive" setting prevents the whole exercise from seeming indistinguishable from an evening at the theatre with Brian Rix and Company.

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Piracy, long absent from our screens, makes a surprising come-back in *The Scarlet Buccaneer*: a film that might have been deep-frozen since the 1950s, that heyday of Hollywood buccaneering, were it not for some modish injections of violence in the action and a suspicion of burlesque in the performances.

Robert Shaw (television's Dan Tempest of yore) and James Earl Jones are the Caribbean pirates who operate a 24-hour service for the rescue of damsels in distress. Geneviève Bujold is one of the latter and Beau Bridges and Peter Boyle are the imperialist bullies living off the fat of the land in Kingston, Jamaica. The latter has the best role, washed down with the best exit line ("Draw the curtains — the farce is over" he cries as, mortally wounded, he falls off his balcony into a cart conveniently passing in the street below). But the other stars give of their best, and as a trip down Memory Coast — complete with shimmering backdrops, heaving cutlasses and robustly nautical dialogue — it is all done with great spirit and affection.

Criterion

I Gotta Shoe

by B. A. YOUNG

I, Gotta Shoe is what we veterans remember as *Cindy-Ella*, a retelling of the Cinderella tale by Ned Sherrin and Caryl Brahms as if it had happened to a poor black family in New Orleans. Have no fear of sociology; the Sherrin-Brahms team are not DuBose Heyward, and write only for entertainment.

This production, under Mr. Sherrin's own direction, is what they call a concert performance. Five microphones line the front of the stage, and the five members of the cast tell the story and sing the songs without more acting than you would see in cabaret, while Fiachra Trench, besides arranging the music, plays a piano upstage. As the songs are the heart of the show, this is a good idea, and we do not have to pretend to pay attention to any acting of the familiar story when all we want is to get on to the next number.

On opening night the company was virtually reduced to four, for Elisabeth Welch had laryngitis, and though she courageously essayed a song now and then, she virtually walked through her part. Her parts, that is; she plays Cindy's mother and step-mother and the fairy godmother as well. Cindy is the only one who never changes character; she is sung by Linda Lewis, a beautiful black pop-singer from London's dockland with a likeable personality, charming looks and a voice that can not only make fast patter as clear as a bell but rise to a pretty B flat. She has by far the best song of the evening, if you exclude some of the traditional Aframerican songs that have been pressed into assistance — a lovely romantic number by Ron Grainer called "Look on me with a lovin' eye."

Cindy's ugly sisters are taken by Felix Rice and Eric Roberts, two good black cabaret artists. (Mr. Roberts should not sneak extempore laughs; you can do that in cabaret but not on the stage.) Basically, Eric Roberts is the funny one, Felix Rice his feed, but together they make a good team; one of their songs got an encore, not a common thing on first nights.

The third man is Clarke Peters, an accomplished black actor ranging instantly from happy young Peanuts (Buttons to us) to the tired, lazy old Regent reigning till Felix Rice, who is also Prince Charmin' Jones, is old enough to accede.

As this operetta lasts only a little over an hour, it is preceded by a concert of songs, some original, some from recent shows, to introduce the company to the audience. This it does, in a way, but it's an awfully makeshift way to start an evening. However, Mr. Sherrin no doubt knows his audiences; for the first half hour the songs had to compete with the talkative latecomers who dropped in at their own convenience. At least they took my mind off Ira Gershwin's appalling lyric to "My Cousin in Milwaukee," a little exercise in the misuse of the rhyming dictionary beside which the words of Brahms and Sherrin acquired a Shakespearean glow.

Players' Theatre

Babes In The Wood

by MICHAEL COVENEY

The prominent (if not very eminent) Victorian H. J. Byron wrote his version of *Babes In The Wood* under the influence of *Macbeth*. On the whole, Byron's excruciatingly tatty burlesques are best consigned to the history books, but if revived they must be, then they will not be seen to better or more flattering advantage than at this address. The awful puns, rhymes and operatic references are given a treatment much better than they deserve. This loyally optimistic approach results in a charming and studiously performed burlesque in which the hapless children, played by two grown women, are seen off to the woods by their wicked (but not irreclaimable) uncle.

The company, under the expert direction of Mr. Reginald Woolley, puts not a foot wrong, and the show takes wing, above all else, as a skilfully sustained exercise in tone. The music of Donizetti, Mendelssohn, Rossini, Verdi and others is ruthlessly plundered. The end of the first act, for instance, grows into an hilarious pastiche of Verdi, from the moment the babes, about to be snatched from the classroom, air their resentment to the tune of the Anvil Chorus to the busy finale via a *Trovatore* selection in which babes, Sir Rowland Macasser, his wife (the children's Aunty Macasser) and the murderers all join.

The first murderer, of course, turns out to be good old Uncle Ollie, the babes' long lost father, mysteriously and inexplicably "rescued from the foam." Byron sub-titles his extravaganza with the words "and the Good Little Fairy Birds," who, under the command of a much-cheered Queen, take care of our heroes in the wood. Once again, Miss Doreen Hermitage's staging of the musical numbers is delightfully humorous and economic. In an excellent company, James Bree as Sir Rowland, Liz Moscrop as a reluctant Cuckoo Bird and Eleanor McCready as the histrionically controlled Aunty, are outstanding.

National Gallery Christmas Quiz

The National Gallery is organising a Christmas quiz-cum-entertainment for both adults and children. Called "Get the Picture?", it will be held in the Moving Picture Room, a small "cinema" in the Gallery's Extension. Lasting about 20 minutes, it will be shown continuously from 11 a.m. to 4.30 p.m., Tuesdays to Saturdays inclusive, from now until January 15, 1977, except when the Gallery is closed over Christmas (December 24-28 and January 1).

Book review

All about opera

by MAX LOPPERT

The Encyclopaedia of Opera edited by Leslie Orrey. Pitman, £10.50 until January 1, 1977, then £13.50. 376 pages
Kobbé's Complete Opera Book edited and revised by the Earl of Harewood. Putnam, £15.00. 1,694 pages

Although opera dictionaries and encyclopaedias proliferate, the recommendable, trustworthy ones are few. Despite inaccuracies (which successive editions are mopping up), the best modern bet has been the 1964 Rosenthal-Warrack *Concise Oxford Dictionary of Opera*, plain and functional in layout, concise in style of writing, and reasonably balanced in content and relative length of entries. There is, however, always room for another, of different aim and approach, of equal (or preferably even greater) reliability.

To look at, Leslie Orrey's new *Dictionary* strikes a good compromise between serious reference work and coffee table glossy (there are photographs on almost every page, and a selection of attractive, if not always very pointful colour plates—surely a better example of Covent Garden's Visconti *Rosenkavalier* could have been found). An impressive group of contributors, including Julian Budden, Patric Schmid, Gilbert Chase, Elizabeth Forbes, and John Tyrrell, has been enlisted. A "first glance" test invites further exploration; and though inconsistencies and awkwardnesses in the manner of cross-referencing and abbreviation are later encountered, first impressions are pleasing.

The best contributions prove to be of high standard. No surprise that Julian Budden's Bellini, Rossini, Donizetti and Verdi should provide models of their kind; but his unfailingly crisp and precise manner of expression is also put to apt use in the telling of opera plots. Among the biographical entries, those by Alan Blyth catch to particularly good effect the "essence" of a performer in a single, illuminating word or phrase. A pity that, in articles of every sort, there is such an abundant crop of factual errors: Beckmesser's slate is already covered countless times over with inaccurate birth dates, debut dates, first performance dates, and all manner of other dates. Misinformation of a more substantial kind — such as the hopelessly outdated nonsense about opera in South Africa (from what superannuated source was it gleaned?), or the muddle over characters' names in the plot of Massenet's *Jongleur de Notre-Dame*, to give two minor examples—seems, on the whole, uncommon.

Two important features of editorial policy worry me. In the introduction, we learn, with slight foreboding, that the main criterion for inclusion of items in the dictionary has been "their relevance to the contemporary scene"—operas must be "historically important" or have had "important revivals," operatic performers, especially those of past eras, must have made "significant contributions to the operatic art." Vague statements, vague enough to permit a flourish of contradictions in the inclusions and exclusions. The emphasis on singers is on "the exciting young artists of to-day," with a somewhat parochial slant towards local singers (Anne Pashley but not Julia Varady, Gillian Knight but not Mignon Dunn, Forbes Robinson but not Roger Soyer or Nicola Ghiuselev etc. etc.), and an unfathomable interest in semi-notable Canadian baritones (Bernard Turgeon, Claude Corbeil, Allan Monk) at the expense of several of international standing (Cornell MacNeil, Siegmund Niemsgern, Zoltan Kelemen). The spotty survey of singers past was intentional — but did the excluded Fernando de Lucia or Giuseppe Anselmi really contribute less significantly to the "operatic art" than Lucien Muratore or Arthur Carron?

The inadequate treatment of substantial aspects of 20th-century opera is a more serious fault. Opera itself is broadly defined in Mr. Orrey's introduction as a "theatrical presentation illumined by music," a definition wide enough to hold opera, operetta, and the musical. But not, it seems, music theatre, a not unimportant musico-dramatic phenomenon of which there is no mention. (So Henze's *Floss der Medusa* and *Cubana* are called, nonsensically, operas; there is nothing on Alexander Goehr's important essays in music theatre; nothing on Kagel, insufficient on Bussotti, Berio, and Britten's church parables; no attempt to trace the roots or side-effects of so influential a development.) The entry on opera production, surely the single most controversial feature of modern opera-house performance, is pitifully thin. Nothing on opera translation. Such major flaws spoil an otherwise useful and attractive book.

Kobbé is back in a ninth edition, enlarged by more than 400 pages. The indispensable guide to opera plots for operagoers of every kind is thus made more indispensable than ever. The increment of pre-Mozart, early Verdi, and, most valuably, 20th-century operas has been managed with only one sacrifice, Pizzetti's *Debora e Jaele*, from previous editions. The critic is, of course, never satisfied—he wants yet more (why no Cavalli? no Rameau? no Gluck *Armide*? only four by Handel? only one by Delius? no *Sir John in Love*? no Orff?). He disagrees with certain editorial decisions (*Médée*, *La Vestale*, *Doktor Faust* among the Italian operas?). He regrets the survival of certain resilient errors, and the growth of a few new ones.

Then the enthusiast is free to express open pleasure in the whole, splendid achievement. Kobbé's own late-Victorian niceties of description prove as communicative as ever; Lord Harewood, a more restrained but no less helpful guide, is particularly vivid on his favourites. Who could read his account of *War and Peace* and not want to rush straight out to the Coliseum? As author he describes the "splendours" of Roussel's *Padmâvatî*, "an opera whose almost complete neglect ever since it was written would be unbelievable even in France were it not for such overwhelming precedent as Berlioz's *Troyens*"; as administrator, is it not now his duty to bring those splendours to opera-house life?

Coliseum

La traviata

by ELIZABETH FORBES

In the revival of John Copley's production of *La traviata* at the Coliseum on Wednesday, the singers of the three principal roles were all new. The performance took a little while to settle down, while vocal chords, in a chilly night, also took time to warm up—the audience, or sections of it, seemed to be suffering from consumption that galloped a great deal faster than Violetta's—but from the beginning of the second act, by one of those theatrical and musical miracles that make opera so exciting, the whole thing sprang vividly to life.

The English National Opera has already presented several excellent Violettas since the production was new nearly four years ago: Lois McDonall has the voice, the personality, the conviction, to make one of the best. She looks gorgeous in David Walker's splendid dresses and moves with an impetuous swirl of skirts that is somehow very much in character. In the duet with Germont she spins a lovely long line, floating her words, all of them audible, effortlessly on the tone. At Flora's party her moulding of Verdi's marvellous arching phrases is equally sensitive. "Addio del passato" and the final scene are most movingly sung.

The scenes between Violetta and Alfredo are particularly convincing; David Rendall sings with warmth and enthusiasm his voice ringing out strongly and freely, the sound open and never forced. His Alfredo is young, a little naif, and therefore all the more despairing at Violetta's apparent desertion. He puts real heartbreak into the confrontation at Flora's party and real desolation into the final reunion. Patrick Wheatley makes Germont outwardly cold, correct and unfeeling, but belies this surface reserve by the humanity of his singing. When he learns to allow rather more emotion to escape through the outer shell, he should become a fine exponent of this difficult but far from unrewarding role.

With one exception the rest of the cast is familiar from previous revivals; Ann Hood is a warm-hearted Flora, Shelagh Squires a most sympathetic Annina, while Malcolm Rivers makes a bad-tempered, but not unattractive Baron Duphol. Alan Woodrow is the new Gaston. The production, tidily rehearsed by Hugh Halliday, is in good shape while the orchestra, too, continues in excellent form—the sheen on the strings in the prelude to Act 3 is a token example. Charles Mackerras, lavishing much affection on the score, conducts this enjoyable revival of Verdi's opera.

Norman Bailey as Sachs and Allen Cathcart as Walther

Theatre Royal, Glasgow

Die Meistersinger von Nürnberg

by RONALD CRICHTON

Scottish Opera's first *Meistersinger*, a handsome staging made possible by substantial aid from the Standard Life Assurance Company, opened on Wednesday to a full and enthusiastic house. The gusto and competence with which the company have tackled this warmhearted, affirmative, wide-ranging masterpiece is a fitting symbol of the way they are flourishing in the Theatre Royal and an encouraging sign for the future. The management's ability to find financial support at the crucial moment is only one side (though a necessary one) of the confidence, affection and pride already won, a pride that goes beyond the regular opera audience and beyond the borders of Scotland. I shared a taxi to the theatre with a couple who had come for the event from the Midlands and had been searching for tickets since the summer.

The staging is the work of David Pountney, Scottish Opera's young and talented director of productions. His work has generally been lively and inventive, sometimes provoking, not always fortunate in matters of design. This *Meistersinger* is unlikely to alarm or offend on any of these grounds. In the best sense it is traditional, a word that must be used, even at the risk of deterring those who want novelty at all costs (there is much to be said for a new approach to repertory work, staled by routine, but Wagner's comedy has not been given in Scotland for over 20 years). In any case, Mr. Pountney's direction, though the absence of what are euphemistically known as "interesting new ideas" in itself almost rates as an interesting new idea, is not dully conventional. He has worked from the music and from Wagner's directions, and the results are mostly clear, sensible (but not unimaginative) and absorbing. No doubt, in a more suitable context, he will return later to his provocative style.

Maria Björnson's designs, founded on the colour of warm wood, are set in a carved frame which hints at the stodgy opulence of 18th century German art without too slavishly copying it. Church and cobbler's workshop are excellent. The street scene is marred by an inexplicable feature at the back resembling a Festival of Britain maypole—but this does not interfere with a splendidly lusty brawl in which half the population of Nuremberg is seen pillow-fighting in nightshirt. The always difficult final scene is well-managed as a popular pageant. Here the apparent lavishness of the costumes (the women with a nice touch of bosomy 19th century fullness) reaches a climax.

The Entertainment Guide is on Page 14

Several of the cast are familiar from the English National Opera's celebrated version. Norman Bailey's beautifully sung Sachs has if anything gained in rough, genial mellowness and natural authority. Thomas Hemsley's Beckmesser is even more finely detailed than before. Gregory Dempsey, now a little too mature to be entirely convincing as David, nevertheless compels admiration for his firm if not always sweet singing of his difficult first act scene. The Pogner of David Ward, a generously scaled portrait, shakily sung at first, soon regained a commanding eloquence.

The American tenor, Allen Cathcart, presents Walther without a trace of the principal boy "here I am" which can make the role so unsympathetic. He is unassertive, dignified, shy but inwardly confident. Like many Walthers, he sings the Prize Song better in private to Sachs than in public to the crowd, but there is much in his performance to be grateful for. Elizabeth Harwood, surely the prettiest Eva since Schwarzkopf, sounded out of sorts on Wednesday, with a slight huskiness on the tone and recurrent pitch trouble. The Magdalena, just right, was Claire Livingstone.

Alexander Gibson conducted with a leisurely confidence suggesting—what can hardly be the case—long experience of this score. Balance (once the opening was past) was good: an unusually high proportion of the German words was audible. Purely and simply as playing, the Scottish National Orchestra's contribution was a little disappointing, with too many patches rough or thin. The woodwind choir improved steadily, but string intonation needs urgent and determined attention. The augmented chorus excelled both in full attack and in the divided writing with which Wagner decorates his ensembles. One of the abiding memories of this *Meistersinger* will be the way in which production and musical performance were so closely and sensitively co-ordinated as to emphasise over and over again the mastery of Wagner's constructive powers.

EUROPEAN NEWS

Schmidt stresses oil burden —'but we'll help if we can'

BY ADRIAN DICKS

BONN, Dec. 16.

CHANCELLOR HELMUT Schmidt, declaring that a fresh increase in oil prices meant severe additional strains on the world economy were inevitable, to-day stressed the balance of payments difficulties being encountered by several leading industrialised countries but said that West Germany stood ready to help others within the limits of its own means.

Without mentioning either Britain or Italy, he said that despite efforts to bring the economic policies of European Community members more in to line, they had in fact drifted further apart.

However, Herr Schmidt declared, "we are ready to take part in multilateral payments assistance operations, provided that the recipient nations themselves undertake energetically to strengthen the performance of their economies. . . .

"We are providing help towards self-help."

Chancellor Schmidt did not comment directly on the terms of the IMF's package of assistance for the U.K. But in Frankfurt to-day Herr Karl-Otto Poehl, State Secretary at the Finance Ministry and the man who has had most to do with negotiating the package for West Germany, called the package "adequate."

Herr Poehl also said firmly that the IMF offered the best medium available for providing assistance on this scale to Governments: since it was best placed to set and to monitor suitable conditions. The Community did not provide a large enough basis for the scale of financing required.

Stressing continuity in foreign policy and a firm commitment to restore full employment at home, Herr Schmidt was presenting his Social Democratic-Free Democratic coalition's programme for the next four years to the new Bundestag.

Before launching into a 2½ hour review of policy in every area, the Chancellor tried to neutralise some of the damage inflicted by the old age pensions issue last week. Angry back-benchers on the Government side, and particularly in the FDP ranks, forced the resignation of Herr Walter Arendt as Labour Minister yesterday as a price for the re-election of Herr Schmidt to his post.

To-day, the Chancellor admitted unequivocally that the Government had made a mistake in contemplating the postponement of a 10 per cent. pensions increase due to be paid next July. But he defended the equally controversial compromise solution for the pension scheme's ills, which would make middle income earners bear part of its burden through higher health contributions.

As expected, Herr Schmidt announced a broad investment programme over the next few years to improve what he called the "environmental infrastructure" and to make improvements in roads, railways, water supplies and other public works. He stressed the need to improve the climate of competition in West Germany in all respects, and as a further measure to help smaller and medium-sized companies, he said the Government would put forward a policy to help them with research and development.

Besides his warning to the oil-producing countries on prices, the German Chancellor reiterated the present policy of stepping up investment in the coal industry, but said there could be no question of ruling out nuclear energy as a part of the country's future supply. However greater care would be needed in planning new atomic power plants and in taking citizens' objections into account.

In addition to his strong emphasis on Germany's attachment to the European Community and to its further development through a directly elected parliament, Herr Schmidt gave the reduction of tensions with the Soviet Union and with Eastern Europe a high priority in his foreign policy statement.

He confirmed that the Soviet leader, Mr. Leonid Brezhnev, will visit Bonn in the new year.

Bundesbank plans 8% growth

BY GUY HAWTIN

FRANKFURT, Dec. 16.

THE BUNDESBANK to-day said it aims to hold the growth of West Germany's Central Bank money stock down to an average 8 per cent. in 1977. This will require a substantial reduction in the current rate of expansion.

Dr. Karl Klasen, President of the Bundesbank, said that the 8 per cent. growth target is essential to curb price increases and to allow for a powerful increase in the gross domestic product. It will mean holding back the Central Bank's money stock from fourth quarter 1976 to fourth quarter 1977 to between 6 and 7 per cent.

No indication of the growth in money stock was given—although it seems to have accelerated considerably in the second half of the year—and Bundesbank statistics show a growth rate from fourth quarter 1975 to fourth quarter 1977 of around 10 per cent.

Dr. Klasen said he considered 1976 a successful year for the direction of the economy. Reviewing the Bundesbank's experience in controlling Central Bank money stocks, he said it will be possible to assess the efficacy of its policy only when the three-year "experimental" period finishes at the end of 1977.

During the Press conference Dr. Otto Schlecht Secretary of State at the Economics Ministry, said current Government projects put the 1977 gross national product growth rate at 5 per cent., the inflation rate at 3½ per cent. and consumer price increases at 4 per cent.

Motor output rises 22%

BY OUR OWN CORRESPONDENT

FRANKFURT, Dec. 16.

WEST GERMAN vehicle production in the first 11 months of the year was 22 per cent. up on the comparable period of 1976. Signs are, however, that the strong upward trend of the first half has virtually flattened out, with output on a plateau well below 1973's record levels.

Figures for November show the month's car and estate vehicle production at 323,200 units and commercial vehicle output at 29,500—giving an overall growth rate of just 2 per cent. On a work day adusted basis, car production actually fell by 3 per cent. against the October total, while commercial vehicle output went up by 1 per cent.

Between January and November this year, some 3,567,700 motor vehicles have been produced—3,272,000 cars and 294,800 commercial vehicles. Last year the 11-month output was 2,934,938 vehicles of all types.

Car exports in November compared with October rose by 3 per cent., on a work day adjusted basis, to 179,100 units: overseas shipments of commercial vehicles went up by 8 per cent. to 18,200. However, in volume terms

New Western forces estimate

BY PAUL LENDVAI

VIENNA, Dec. 16.

ON THE eve of the Christmas recess is the 19-nation East-West force reduction talks here to-day, new figures on Western direct participants' combined ground and air force manpower in the central region of Europe, and a new total for Western ground force manpower alone, were presented.

The figures were as of January 1, 1976, and are understood to represent "a slight increase" on those presented when the talks began in November, 1973.

The spokesman for the Eastern side, East German Ambassador Mr. Ingo Oeser, however, criticised the figures as being lower than those the Warsaw Pact had about Nato's military strength in the area.

The controversy about the relevance of both sides' respective data, and the discrepancies between the figures tabled by each side has injected some life into the talks, which will be resumed at the beginning of February.

At to-day's 123rd plenary meeting, closing the 10th round of the negotiations, Soviet chief delegate Ambassador Nikolai Parassow and U.S. chief delegate Mr. Stanley Resor were the only speakers.

The new Western figure for ground and air personnel—which includes French forces—is understood to be around 790,000. Nato sources at the same time complained that the Warsaw Pact data about its force levels are inaccurate, and that the disparity in ground manpower in the area is over 150,000 men in favour of the East.

The Warsaw Pact complained as usual that Nato did not show any willingness about "a constructive dialogue."

Speaking on behalf of Nato, Dutch ambassador De Vos said that the East has so far failed to respond to the Nato proposals of December, 1975, on reduction in U.S. nuclear armaments, and added that this has blocked progress in the talks.

Approximate parity in ground forces including the withdrawal of a Soviet tank army as a first step, remains the central Western objective in the talks, he said.

France will curb export of nuclear fuel plant

By Robert Mauthner

PARIS, Dec. 16.

THE FRENCH Government to-day substantially modified its nuclear exports policy by banning further sales to third world countries of nuclear fuel reprocessing plants, which could be used to produce plutonium for atomic bombs.

The decision, taken by a newly-created Council of Ministers for nuclear affairs, chaired by President Giscard d'Estaing, does not affect contracts already signed, such as the controversial deal with Pakistan.

It was this contract, under negotiation for many years, that provoked a row between France and the U.S. last summer, after Dr. Henry Kissinger, the U.S. Secretary of State, tried to put pressure on France and Pakistan to abandon it. For the French Government to go back on its undertaking to supply a reprocessing plant to Pakistan would be a hazardous political move, since it would immediately cause an outcry from the Gaullist Party, the biggest member of the coalition, which is already sharply critical of President Giscard's policies.

All the indications are, however, that President Giscard, who now appears to have accepted U.S. arguments about the dangers of atomic weapons proliferation involved in France's nuclear exports policy, would be relieved if Pakistan itself cancelled the contract. Both President Ford and Mr. Jimmy Carter have called for a moratorium on exports of "sensitive" nuclear materials and this has obviously had a considerable influence on France's attitude.

During the past few weeks, senior French and Pakistani officials have been shuttling between Paris and Islamabad in an attempt to find a generally acceptable solution to the problem, but so far Pakistan has stuck to its decision to buy the French plant.

It also stressed that, since nuclear power represents for some countries a source of competitive energy necessary to their economic development, France is still prepared "to contribute towards its introduction for peaceful purposes." In practice this means the French will continue to supply third-country clients with nuclear reactors. The French have also undertaken to reprocess spent nuclear fuels from foreign clients on the condition that plutonium produced by this process will remain in France.

Paris tradesmen fined

BY DAVID CURRY

PARIS, Dec. 16.

THE FIRST cases brought against Paris tradesmen for raising prices in defiance of the Government's price freeze have resulted in painful fines, in some cases accompanied by suspended prison sentences.

In all these cases the Courts have applied a modern version of the pillory—condemnation to have their "crimes" pinned up on the doors of the premises and published by the Press.

The manager of the restaurant-cum-bar, L'Alface, on the Champs-Elysees, was given a two-year suspended sentence and a fine of Frs.50,000 (£6,000), and his establishment was closed for two weeks.

The director of the Francois Villon concern, which has five expensive Paris shoe shops, was fined Frs.60,000 and one of his shops was closed for two weeks. Like many retailers, he complained that the controls on margins imposed by the Government prevented his recovering costs, let alone making money.

The Government has singled out the service industries generally and small traders in particular for want of enthusiasm in applying the price freeze, and has warned that those who are insufficiently patriotic in its application may have their prices frozen beyond the expiry date of December 31. An extended series of court cases could certainly inflame the resentment of small traders who already feel themselves the principal victims of the Government's austerity programme, and the subject of fiscal inquisition by the tax authorities.

Huge propaganda effort for Brezhnev's birthday

BY DAVID SATTER

MOSCOW, Dec. 16.

MR. LEONID BREZHNEV, the Soviet party leader, will be 70 on Sunday. The encompassing propaganda build-up is matched by the trooping to Moscow of Communist bloc leaders to present Mr. Brezhnev with state awards. Leaders of Cuba, Mongolia, East Germany, Bulgaria and Czechoslovakia have already visited. Leaders of Poland and Hungary are expected later this week. Mr. Brezhnev has already received awards from Romania and Yugoslavia.

Records of his speeches have been released, along with a biographical film, Story of a Communist, and there is heavy television and Press reportage of Mr. Brezhnev's life story, including his experiences as a political officer during the second world war, and emphasising his efforts towards detente.

The build-up already looks bigger than before the seventieth birthday of former Soviet leader Nikita Khruschev. Nobody knows what will happen on the day itself, but the celebrations will be watched for clues as to how far the emerging Brezhnev personality cult will be allowed to grow.

Mr. Brezhnev, the clear leader of the Politburo, has now ruled the Soviet Union longer than any man except Stalin. Recent leadership changes have strengthened his political hand. Mr. Nikolai Tikhonov, who was appointed a First Deputy Prime Minister in September, has been associated with Mr. Brezhnev for many years. Like other prominent figures — including Politburo members Mr. Andrei Kirilenko and Mr. Vladimir Shcherbitsky—his political base is in the south Ukrainian city of Dnepropetrovsk, where Mr. Brezhnev spent part of his early career. Mr. Yakov Ryabov, recently appointed a member of the Central Committee secretariat, also has ties to Mr. Brezhnev through Mr. Kirilenko.

Mr. Brezhnev is believed to owe his prominence to force of personality, the inherent advantages of party leadership in the Soviet system, and his ability to achieve consensus and willingness to consider differing points of view.

There have been increasing signs in recent months of the development of a cult of personality. In May, Mr. Brezhnev received the military rank of marshal in a ceremony from which the military was excluded, a possible indication that they were not consulted about the promotion, or that it was made over their objections. At the same time, a bronze bust of Mr. Brezhnev was dedicated in his home town of Dneprodzerzhinsk in a nationally-televised ceremony at which crowds carrying red flags, and equal-sized portraits of Marx, Lenin and Mr. Brezhnev, were in evidence. Praise for Mr. Brezhnev this year has reached new depths of sycophancy.

Mr. Brezhnev has now begun to be referred to as Vozhdh (leader), a term used of Stalin and the Russian equivalent of feuhrer or duce. At the very least, he is expected to receive on Sunday a third hero award, either a Hero of Socialist Labour or a Hero of the Soviet Union.

Some observers have suggested that the emphasis on Mr Brezhnev's personality is a preparation for the difficult leadership changes he plans to make in order to guarantee a smooth succession. More plausible is the view that the growth of the personality cult reflects the growth of Mr. Brezhnev's power. In the closed Soviet system, concentrated personal power finds in a personality cult its easiest means of public expression.

Italy may face meat and petrol rationing

BY DOMINICK J. COYLE

ROME, Dec. 16.

THE ITALIAN Prime Minister, Sig. Giulio Andreotti, has indicated informally to senior trade union leaders that his minority Christian Democrat Government is to draw up within the next 20 days tentative plans for possible petrol and meat rationing.

At talks yesterday to discuss measures to reduce labour costs, Sig. Andreotti expressed his concern primarily about the deteriorating balance of payments situation, and in particular the implications of a further increase in the price of oil.

Petroleum products and meat represent Italy's two largest import items, while it has been estimated officially that a 10 per cent. price rise by OPEC would add another $700m. to the payments deficit.

Sig. Giovanni Marcora, the Minister for Agriculture, has already indicated that he intends offering low-cost beef from EEC stockpiles to housewives in January, although the Government has not officially confirmed this plan.

The Cabinet is understood to have rejected a further proposal by Sig. Marcora that the butcher shops should close at least one day a week to reduce meat imports. The Minister told a parliamentary committee, however, that fresh meat should not be available for retail sale on those days when EEC frozen supplies were on offer.

Given the delicate state of negotiations on reducing labour costs between the Government, Confindustria (the main employer organisation) and the three major union confederations, it is difficult to separate Government shadow-boxing from its real intentions. However, the fact that Sig. Andreotti disclosed even tentative proposals for meat and petrol rationing does indicate the seriousness with which the Government views the economic situation.

The Prime Minister, as part of the austerity programme, gave Confindustria and the unions a month to agree voluntarily on lowering labour costs. This deadline has now expired, but the administration has failed to take the unilateral action it threatened.

The Government has been anxious to rearrange the pattern of inflationary threshold payments paid each quarter to most Italian workers, and the International Monetary Fund is known to be concerned about the growing lack of competitiveness of Italian exports. This is particularly important, since Italy is negotiating with the IMF for further standby credits.

Trade unions, while conceding the need to cut labour costs, appear united against any significant alteration to the system of threshold payments, although they have expressed some interest in facilitating increased labour mobility and in adjustments to other fringe benefits enjoyed by most workers.

In return, however, they are insisting on a direct voice in the Government's industrial development proposals, and are especially interested in seeing a disproportionate amount of limited investment resources going to the depressed south where unemployment is high. The unions will meet the Prime Minister again on December 29.

Meanwhile, the Christian Democrats are facing potential embarrassment from the Lockheed scandal. The all-party parliamentary commission investigating bribery allegations has reversed its own earlier decision and will take evidence in public from three ex-Ministers, including Sig. Mariano Rumor, who has served in a number of Cabinets both as Premier and Foreign Minister.

Sig. Luigi Gui, a former Defence Minister, was the first of the ex-ministerial witnesses before the commission to-day, following a leak through the semi-official news agency Ansa of the commission's "indictment" arising from Italy's purchase of 14 Lockheed C130 military cargo aircraft.

U.K. backs EEC lorry plan

BY DAVID BUCHAN

BRUSSELS, Dec. 16.

BRITAIN TO-DAY gave qualified approval to Commission proposals which would increase the maximum gross weight of international lorries on British roads from 32 tons to 40 tons. But the axle weight—the main cause of damage to roads—would not change. A 40-ton lorry must, under the Commission plan, have an extra, fifth axle.

The Secretary of State for Transport, Mr. William Rogers, said to-day that, with no increase in axle weights, the chief objections to "juggernauts" which the U.K. has sustained ever since it joined the Community were now overcome. But he made it clear that Britain would only accept a Commission directive along these lines, which have the support of the British motor manufacturing and road haulage industries, if it could also be proved that noise and pollution would not increase with the heavier lorry weights.

Mr. Rogers, who said after to-day's meeting that he hoped EEC transport councils would not be bogged up with technical issues under the British Presidency next year, also "acquiesed" in a new directive agreed to-day that will require annual roadworthiness tests on buses, taxis, lorries, and ambulances after one year. This is the present British system.

Mr. Rogers said, however, that recent British Government studies had shown that tests after three years and spot roadside checks in between were more cost effective. Yet for the good of Community spirit, he said that Britain would defer to the "different or inadequate experience" of its EEC partners, and would not change its system. Ireland, which had similar objections, allowed itself to be over-ruled on the new directive.

Meanwhile, Ministers responsible for taxation affairs continued to-night to wrestle with the problem of harmonising VAT tax bases within the Community. This is of great importance since from January 1, 1978, the EEC is to go over to financing its activities (at present by national contributions) with an automatic levy from nationally raised customs and VAT. There is no question yet of harmonising the rate of VAT throughout the EEC, but only of what it shall be levied on. This is vital so that Brussels can work out the post-1978 VAT contributions. Progress is also urgent because member Governments reckon that at least a year will be needed to put any changes through their Parliaments.

By to-night the Ministers had only agreed to set the period of transition at five years, during which time member states must harmonise their VAT basis. They also agreed that international passenger traffic within the Community will be subject to VAT at the end of the five-year period. A similar decision was reached on gold sales to private individuals, though in any case such sales are illegal in the U.K. Banking services will in general be exempt from VAT, though certain ancillary activities, such as managing share portfolios, will be made subject to VAT.

Regional Fund allocations

By Robin Reeves

BRUSSELS, Dec. 16.

THE FINAL 1976 allocations from the EEC Regional Development Fund were announced by the European Commission to-day. They bring the sums distributed to the Community's economically-deprived regions to almost £333m. (nearly 800m. units of account) within the past two years.

The latest grants to the U.K. total £28.8m. and bring the overall contribution by the Community to U.K. regional development to £94.9m. since the Fund was started.

North East England has been the single biggest beneficiary so far, receiving more than £28m. from the fund, followed by Scotland with nearly £25m., N. Ireland nearly £15m., Wales £14.5m and North West England approaching £10m.

Iceland pessimistic on fish talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 16.

FISHERIES negotiations between the EEC Commission and Iceland opened here to-day amid discouraging indications that early agreement on the reciprocal arrangements which the Community is seeking will be difficult to achieve.

Mr. Einar Agustsson, the Icelandic Foreign Minister, told the Parliament in Reykjavik yesterday that an agreement is highly unlikely because neither side has enough fish stocks to offer the other. He said Iceland is willing to discuss the problems with the EEC but indicated that its delegation, led by Mr. Thomas Thomasson, Icelandic Ambassador to Nato, will bring few concrete proposals to the Brussels talks and is ready to do little more than listen at this stage.

However, he suggested that Iceland may be ready to negotiate a long-term fisheries agreement if both sides can enforce rigorous conservation policies within their waters.

The generally pessimistic tone of Mr. Agusisson's remarks has raised new doubts about whether Iceland will be prepared to enter into an interim arrangement that would permit a limited number of U.K. trawlers to resume fishing in its waters from the start of next year.

The EEC Commissioner personally responsible for the fisheries negotiations, Mr. Finn-Olav Gundelach, said last week he had reached a tentative agreement with authorities in Reykjavik that would permit more than a dozen British trawlers to return to Icelandic waters temporarily. But he warned that it might be hard for the Icelandic Government to win domestic acceptance for such a scheme. He expected Iceland to spell out the terms of its offer by the end of this week.

East Europe Communists meet in Sofia

By Our Own Correspondent

VIENNA, Dec. 16.

IDEOLOGISTS from all the ruling Communist parties in Eastern Europe except Yugoslavia are discussing at a conference in Sofia the strengthening of ideological cohesion in Eastern Europe.

Opening the three-day meeting, Mr. Alexander Lilov, Secretary of the Central Committee, and member of the Politburo of the Bulgarian Communist Party, said that a criticism of the concept of "Euro-Communism" was not a criticism of certain Western European countries. It was directed against the bourgeois propaganda that invented and circulated this phrase to play off the Western Communist parties against what he called the parties and States of the Socialist world system.

The jobs gap that Malta must bridge

Sir Anthony Mamo

"IF THE nation's economic development is to continue uninterrupted, 23,000 new jobs need to be found by 1979 and the annual production of manufactured goods must double from £M100m. to £M203m."

This warning, expressed to the new Maltese parliament by President Sir Anthony Mamo, puts into focus the economic pressures on Premier Dom Mintoff's Labour Government. Since he last September's elections with a three-seat majority, Mr. Mintoff's task of dismantling the last vestiges of colonialism now enters its final three-year phase. Sufficient economic growth must be generated before British military bases are closed down completely and Malta turns herself fully into a neutral Mediterranean island republic.

Investment

Much suggests that, particularly in the field of industrial investment and employment, the past five years have not materialised as planned. President Mamo, in his inaugural address, made no bones of the fact that not all of the 11,700 new jobs for which an investment of £M117m. has already been made have yet been created. Neither did he try to veil the fact that another £M120m. is needed to provide the remaining 12,000 jobs. In the present world climate the outlook for employment in Malta is anything but clear. Yet on the other hand, it is not likely that the apocalyptic forecasts made by some politicians and economists in Valletta will materialise as a result of the British withdrawal. The loss of an annual £M35m. of rents for military bases from Britain and Nato will be substantial. But its importance to the economy overall has progressively dwindled, with exports rising to £M100m. this year, and income from tourism rising to £M27m.

Although it might lurch initially, it is highly improbable that the economy will crumble. To make sure, Mr. Mintoff is trying to wrest assurances from Libya, France, Algeria and Italy that they will guarantee both Malta's neutrality and her economy after 1979.

Malta's problems are not exclusively of an economic nature. To a very large extent Mr. Mintoff retains the last word on most things— from complex economic problems down to what type of trees should line the streets. Ministers and heads of government departments have grown used to seeking a final answer from Castille, the Prime Minister's office.

Mr. Mintoff maintains a watchful eye on all that is said, done and written and this does not excluded the activities of foreign diplomats accredited to Malta. Recently, the Acting British High Commissioner, Mr. Arthur Wyatt, ran foul of Mr. Mintoff for allegedly passing a remark not considered complimentary to the Government. A few weeks before Mr. Wyatt was withdrawn, the First Secretary at the Italian Embassy had been obliged to leave the island at short notice after disagreeing with the authorities here on candidates chosen for scholarships awarded by the Italian Government.

The reforms instituted in the past five years largely mirror Mr. Mintoff's personal views, from the type of power base the church should retain in a modern society, and the role that trade unions should play, to what constitutes a social democratic society and how a mixed economy should function.

Those close to Mr. Mintoff argue that the Prime Minister is compelled to keep a tight rein because half-measures don't work with the Maltese. To have allowed the country to carry on as in the past would have defeated the plan to create for Malta a self-reliant economy independent of foreign military expenditure.

Mr. Mintoff's posture has increased, rather than diminished, Malta's political polarisation. Besides putting the economy right in the coming three years, Mr. Mintoff must find ways towards greater national unity unless he is to be opposed in all he does by the 100,000 who support the opposition Nationalist Party.

Nationalist

The Nationalists complain that the chasm is left unbridged with the purpose of allowing them only a nominal say, in Parliament, in the running of the country. They complain of a decline in democratic practice and cite an episode last September when two judges were replaced after awarding a decision to the Nationalist Party in an elections case against the Government, as well as the propaganda pouring out of government-controlled broadcasting and TV stations.

An opportunity for Mr. Mintoff, if he so wishes, to move closer to those who oppose him is emerging with the departure from the centre of the stage of Archbishop Michael Gonzi and the imminent departure of the opposition leader, Dr. George Borg Olivier. Those waiting in the wings to take over, including the new Archbishop, Mgr. Giuseppe Mercieca, and Dr. Eddie Fenech Adami, who will possibly replace Dr. Borg Olivier, may prove to be more pragmatic.

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Manley wins big vote of :onfidence in Jamaica

KINGSTON, Dec. 16.

IE MINISTER Michael Man- and his People's National : (PNP) have received a ıve vote of confidence in socialist policies in the ican general election.

.. Manley said that his :lide victory showed that ·icans rejected fears that the ıry would become Com- st as "a lot of irrelevant ense."

th nine of the 60 seats still declared, the PNP had won nd the opposition Jamaica ur Party (JLP) only six. final result would probably Mr. Manley 48 seats and the 12, *or more than double the* rity Mr. Manley enjoyed in old House.

position leader Edward a had conceded defeat er when it became apparent the voters had rejected his y of capitalism within a sophy of nationalism. He d on his supporters to accept espect the voters' verdict.

. Manley also appealed for ration and told his suppor- "I do not want to hear of undue or unseemly celebra- in the street."

ere had been widespread that the election result— ver one—would spark a outbreak of the political nce which characterised the on campaign. To stifle any bility of this happening, the ity forces have extended a on political meetings, hes and motorcades for a er month.

ring the campaign, Mr.

Mr. Michael Manley

Seaga argued that the close ties Mr. Manley has forged with Cuba meant that the PNP would turn Jamaica into a Communist state. "Obviously the people have rejected this in a very, very decisive way," Mr. Manley said.

The relationship with Cuba was not in itself the significant thing, he said. "What is significant is our relationship with the Third World of which Cuba is a part."

Political analysts said that the JLP won votes in the area around Kingston and also gained a part of the middle class vote which traditionally goes to the PNP. But all their gains were wiped out by their failure to hold their rural strongholds, a failure which Mr. Manley put down to the land reform programme begun under the last Government.

Mr. Seaga was quick to point out that the PNP victory in terms of representation in Parliament would not be an accurate reflection of the popular vote.

With about 678,000 votes counted, the PNP had 392,200 and the JLP 285,000, a ratio which, under a proportional representation system would have given the PNP only 34 or 35 seats.

Mr. Manley, a 52-year-old fiery speaker and the son of a Jamaisan hero, immediately set himself the task of solving Jamaica's most pressing problem, the wave of violence which has killed more than 200 persons on the island since January.

Reuter

$15bn. increase in incomes is biggest for more than year

BY DAVID BELL

WASHINGTON, Dec. 16.

PERSONAL INCOME in the United States increased by $15bn. last month in the largest rise for well over a year, the Commerce Department reported to-day. This largest increase since August, 1975 reflected a jump in manufacturing payrolls of about $4.5bn. compared with only $300m. in October.

The strong November gain in the manufacturing sector is the result of increase in employment, average weekly hours and average hourly earnings, the Department said. Personal income increased $11.2bn. in October.

As such, it will no doubt be welcome news to the outgoing Ford Administration, which has been predicting with less and less confidence that the "pause" is coming to an end even, though it has already lasted much longer than they forecast.

However, the Commerce Department noted that the $7bn. overall rise in private wages and salaries, about twice the increase in October, reflected above all the ending of the Ford Motor strike and the first month of full resumed working. *The Department said* that in November income received by all individuals from all sources totalled $1,417bn., an increase of 1.1 per cent. over October's revised figure of $1,402bn.

Meanwhile, there have been some other revisions, which together present only a marginally more favourable picture of the economy than they did before. The Commerce Department said that the key index of leading economic indicators, which groups statistics together in an effort to spot future trends, rose 0.2 per cent. in October and was not unchanged as earlier reported. The August and September declines were also slightly reduced.

The Federal Reserve also revised its industrial production figures with mixed results. October production declined 0.4 per cent. (the preliminary figure was 0.5) while September output fell 0.3 per cent. (0.2).

Review of steel price rises started

By Our Own Correspondent

NEW YORK, Dec. 16.

ANTI-TRUST officials at the U.S. Justice Department have started *a low-key preliminary review of* the recent price increases by American steel makers to see if any anti-trust laws may have been violated.

Disclosure of this investigation came this morning in a Justice Department reply to a letter received from Mr. Ralph Nader, the consumer advocate. Mr. Nader had asked the authorities to investigate the price increases.

Late in November, *nearly all* of America's largest steel makers lifted their prices for flat-rolled steels, which go primarily to the car and consumer appliance industries. The increases, which averaged 6 per cent. and took effect on orders booked after December 21, were announced by all the companies within days of each other.

This morning a spokesman for the Justice Department stressed that this inquiry does not represent a full-scale investigation. This would not be started, he noted, unless there were stronger suspicions that the anti-trust laws might have been broken.

Since the steel price rise actually came into effect, the original furore over the industry's move had died down. While various users of the steel affected have indicated that their prices will not necessarily rise immediately, the Government's objections on inflationary grounds have been somewhat muted.

Continental Oil sacks two directors in payments row

BY STEWART FLEMING

NEW YORK, Dec. 16.

CONTINENTAL OIL, the *eighth largest U.S. oil* company, has abruptly dismissed two top executive directors because of their alleged knowledge of or participation in questionable domestic political payments.

The company said the two men, Mr. Wayne Glenn, the 61-year-old vice chairman of petroleum exploration and production and minerals, and Mr. *Willard Burnap, withheld* information about the payments from a directors' investigating committee.

It is illegal in the U.S. for corporations to use their funds for political payments.

The Conoco dismissals coincide with an emerging dispute between the Securities and Exchange CSommission (SEC) and the big West Coast aero*space manufacturer* about the millions of dollars the company has allegedly paid overseas to promote sales.

Payment

The dispute concerns the amount of information about the payments the company should be required to disclose. Last week the SEC filed in court the names of 18 foreign *consultants to* Boeing through whom the Government believes the company channelled pay-offs to foreign govern*ments.*

Boeing lawyers have claimed in court that disclosure of the names of these apparently highly-placed consultants would severely damage the company's sales and lead Government-owned foreign airlines to delay or cancel decisions to buy Boeing equipment.

Claims

Boeing claims that the consultants have not done anything wrong and therefore it would be wrong to name them in the context of the SEC's investigation into covert foreign payments.

Boeing has already said that it paid nearly $70m. in commissions to overseas sales agents since 1970, including a *handful* of payments to employees of foreign governments.

In yet another disclosure Philip Morris, the major international tobacco concern, told the SEC that following an internal investigation it discovered $2.36m. of "improper" or "questionable" payments but that it had not found evidence of unlawful political contributions in the U.S. or any foreign country.

Argentina amnesty hopes end

BY ROBERT LINDLEY

BUENOS AIRES, Dec. 16.

ALL POSSIBILITY of a Christmas amnesty of more Argentinian political prisoners has almost certainly been ended by deaths last night of ten or possibly 11 Government officials and functionaires, killed by a terrorist's bomb.

The bomb exploded in a room of the Defence Ministry's planning under-secretariat, in the centre of Buenos Aires, during a lecture there by an Army Colonel to representatives of the Defence and other Ministries. It is understood that the bomb, of the fragmentation type used in the Vietnam war, wounded another 15, some of them critically. Most of the killed have been identified.

This week, the Interior Minister, Gen. Albano Hanrguindeguy, said that about 400 political prisoners would be released before the end of the year, which, added to the 200 freed in October and another 200 freed last month, would bring the total released in three months to about 800.

Aexico cuts spending nd aids investment

MEXICO CITY, Dec. 16.

ICO introduced a budget to- cutting spending to the bone channelling resources into tment in agriculture and stry.

esident José López Portillo, took office at the beginning ne month, said he would le investment in energy, in- ng the country's new oil- s, and boost the petrochemi- nining, woodpulp and fertili- ndustries.

said the budget was in- ed to help Mexico get back s feet after the severe reces- that followed the floating of peso on August 1.

he present situation of the can economy is critical but not insuperable," said the President. "This budget is aimed at encouraging production, fighting inflation and combating inequality and unemployment."

Meanwhile, about 7,000 landless peasants to-day began a march to Mexico City aimed at persuading the Government to expropriate more big estates. Police said the marchers set out peacefully from Los Mochis in the State of Sinaloa, 950 miles north-west of *the capital.*

However, most of the peasants who invaded estates in Sinaloa during the past three weeks have dispersed, and fears of violence have proved unfounded, according to officials.

Reuter

:anada to tighten its uclear export policy

OTTAWA, Dec. 16.

ADA APPEARS to have de- l to tighten its nuclear rt policy in the wake of a roversy over the country's first export reactor sales.

e new policy, scheduled to nounced by the Department External Affairs within the two weeks would restrict ear exports to countries that either ratified the Nuclear Proliferation Treaty or equivalent safeguards over entire nuclear programme. policy, which could eliminate mber of countries as pros- ve customers, would cover rts of nuclear reactors, ear materials, technology *uranium.*

lia and Argentina, for ple, would be prevented receiving any additional ear exports from Canada s they were willing to apply international safeguards to nuclear programmes. Both tries have not ratified the ear treaty and have to date been willing to apply inter- nal safeguards to specific nercial and research reac- Argentina, which has dy purchased one reactor Canada, has expressed est in buying a second des- controversy over sales agents payments for the first sale.

Under the new policy, nuclear export customers would also have to accept additional bilateral safeguards announced by Canada two years ago. In this connection, it is understood, the Canadian Government has decided to impose a uranium embargo on January 1, if necessary, to force a number of uranium customer countries to accelerate implementation of acceptable safeguards. The countries which could be affected include Japan, Switzerland and members of the EEC. A second six-month Canadian Government extension runs out December 31. It in effect gave the countries more than two years to meet Canada's requirements for improved safeguards.

● A 10 *per* cent. surtax on taxable incomes over $30,000 introduced for the 1976 tax year as part of the Government's anti-inflation programme, will not be renewed for the 1977 tax year, the Government said.

The Government also said that family allowances will again be *indexed to the rate of inflation* from January 1. This practice was abandoned in 1976 because of the anti-inflation programme.

Agencies

'EA unveils details of 8bn. oil stockpile plan

Y DAVID BELL

WASHINGTON, Dec. 16.

U.S. Federal Energy inistration has formally un- d its plan to buy 500m. els of oil by the end of 1982 tablish an "embargo-proof" tockpile.

e FEA intends to invite bids both foreign and domestic anies in the hope that com- lve bidding will produce s below those on world kets. Officials were optimistic morning of a total cost, at ent prices, of about $8bn.

ngress instructed the FEA year to begin planning the pile, which is intended tually to equal 90 days' sup- f imported oil, and therefore gress must approve the plan. it may also be altered by the ming Carter administration, h has ambitious plans to re- nise existing energy agencies to introduce a new, but so unspecified, energy policy.

early $500m. has already been opriated by Congress for the 40m. barrels of stockpile oil the process of storage is cted to start by July next . The oil is to be kept in underground caverns which be dug out of salt formations "*domes*" *in Texas and* siana.

orage is expected to present r problems than funding the hase of the rest of the oil. Frank Zarb, the outgoing inistrator of the FEA, admits the hope of keeping prices down by competitive bidding may be a faint one. The current cost of the stockpile is based on acquiring oil at $11.80 a barrel compared to a world price at least $2 above this.

Officials therefore acknowledge that the stockpile may cost more than they estimated. Also, the cost of the stockpile to consumers, oil companies and the Government is becoming an issue.

The FEA has proposed that the Government should buy oil from U.S. companies at $11 a barrel and allow the companies to pass any remaining cost on to consumers by charging more for petrol or heating oil. That would mean the project would have a less obvious effect on the national budget, but might run into serious problems in Congress.

Work is also under way on the re-building of the strategic metals stockpile—a reversal of President Nixon's decision to let it run down. But in the case of this, and the oil reserve, officials claim that buying will be gradual and that Government actions will not drive prices up. Mr. Zarb *has said he hopes* some Opec members may be prepared to enter in long-term stockpile-linked contracts and he stressed that there has been no suggestion that Middle East nations might be unwilling to provide oil for political or other reasons.

After 15 months of bitterness, the Syrian and Egyptian Presidents meet to-morrow to forge an Arab peace strategy.

Sadat, Assad in crucial talks

BY MICHAEL TINGAY IN CAIRO

THE APPEARANCE on the cover of the latest issue of the ultra-patriotic October magazine of President Hafez El Assad was a diplomatic but firm way of telling the Egyptian public to forget the past 15 months of near-hysterical anti-Syrian propaganda and to welcome the Syrian leader to-morrow on his first official visit to Cairo in years.

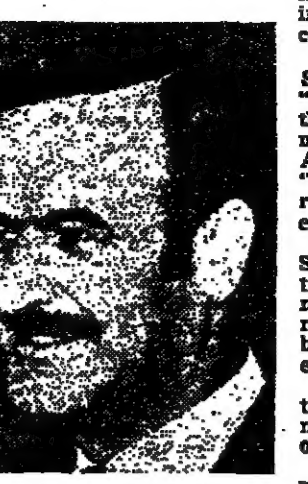
There is no formal agenda for this crucial series of meetings where the two men will give reality to a unified Arab strategy to present first to the United States, after Mr. Jimmy Carter takes office, and later at a re-convened Geneva peace conference.

Though both sides will have delegations in attendance, Arab diplomats say Presidents Sadat and Assad will spend the coming few days in a series of tete-a-tete talks in the same frank privacy as those when the strategy for the October 1973 War was worked out. Under such conditions tactical disputes and minor quarrels can be easily set aside.

It is widely agreed that the rapprochement between Syria and Egypt, forced on the two parties by Saudi Arabia at the Riyadh mini-summit which effectively ended the conflict in the Lebanon, has given the two leaders carte blanche in their own chosen areas. Sadat is free to continue his peace offensive as spokesman for the Arab world: Assad has a free hand in the Lebanon, where he controls the Arab deterrent force, and on the northern front of the confrontation line with Israel, where he is stengthening Syria's hand with plans for loose confederation, discussed again last week with Jordan's King Hussein.

Both men have enough on their plates to be happy leaving the other well alone. Egypt faces its severest ever economic crisis. Assad's economic problems are smaller, but Syria desperately needs cash injection, while keeping one hand free to hold down Lebanon. Syria also has internal security problems, as the recent attempt to assassinate Foreign Minister Abdel Halim Khaddam illustrated.

President Sadat



President Assad

Syria will apparently be content to let Sadat take whatever lead he wants in his diplomatic offensive. The advantage for Damascus, should Sadat and Geneva succeed, could be an eventual settlement in the region. Syrian compliancy with a Sadat initiative would leave Assad free to criticise should Damascus have complaints later on.

President Sadat, however, is concerned to learn at first hand the outcome of the Syrian leader's talks with King Hussein and more recently with Mr. Yassir Arafat, Chairman of the Palestine Liberation Organisation, senior Egyptian officials say.

Mr. Arafat indicated in an interview last week that the PLO would accept a Palestinian state within the West Bank and Gaza. It is on this subject, the future status of any Palestinian entity, that disagreement is possible. Egypt wants to know how Syria sees a future Palestinian state fitting in with the confederal notions discussed with Jordan. An Egyptian official explained "we must see what Assad has up his sleeve."

Egypt is still unsure whether the strengthening of Syria's ties with Jordan should be regarded as a potential threat to Mr. Sadat's regained status as spokesman for the Arab world. The official added: "We may support the Damascus-Amman axis. Such a future confederation may promote the process of negotiation. But we must be certain it is legitimate."

A legitimate federation, he explained, could include a Palestinian state only if it evolved from PLO wishes. It could not be imposed on the Palestinians by Syria. Concern in Cairo about President Assad's intentions was heightened by two communiqués from Damascus.

After his Amman visit the Syrian President talked of a "Palestinian entity" but not of the PLO, while after this week's meeting between Assad and Arafat mention was made of "support for the Palestinian resistance," again with no reference to the PLO.

Egypt wants to know how Syria intends to extend its control over the PLO. Syria has made it clear it wants a complete reshuffle of the PLO leadership but no serious candidates have emerged yet.

It is vital for the Arabs that tactics and strategy during the next 12 months or so be co-ordinated by Syria and Egypt.

Mr. Sadat last week said Egypt would accept Israeli withdrawals from territory after a peace settlement with Israel. Sadat and Assad will have to discuss up to what point Egypt will give similar new encouragements in the run up to Geneva.

They must also decide on the timing for each stage in the talks in the coming year, and whether and how any new American initiative from the Carter Administration would be fitted in with Geneva.

Some diplomats in Damascus say privately that Syria remains wary of Egypt's intentions. Will Mr. Sadat try to get a stage three Sinai deal and leave Syria and the PLO in the lurch? Syrian sources in Cairo maintain that any such sleight of hand would be against Egyptian interests.

Inquiry call into S. Africa deaths

By Quentin Peel

JOHANNESBURG, Dec. 16.

A CALL for a judicial inquiry into the deaths of prisoners held in detention under South Africa's security laws gathered support to-day.

At least eight prisoners have died in such detention this year—two within the past week—and an estimated 26 have died in the previous 13 years. Five of the eight committed suicide, according to police reports.

Mr. Sonny Leon, leader of the Coloured Labour Party, called for the International Commission of Jurists based in Geneva, to investigate the deaths. As an independent body of lawyers pledged to campaign for the rule of law, the Commission would be the ideal body for such an inquiry.

"I am shocked at the number of people who have died in detention, because people in police custody are supposed to be under maximum protection.

The call for an inquiry, launched by the South African Institute for Race Relations, has been backed by Mr. Colin Eglin, leader of the Opposition Progressive Reform Party. To-day the Rand Daily Mail, Johannesburg's morning newspaper, gave its support, following the death of a coloured schoolmaster who fell six floors down a stairwell at security police offices in Port Elizabeth.

"Blacks frankly disbelieve the official explanations given for such deaths," the newspaper said. "The idea that people can be murdered in custody is a particularly horrible one, and in the interests of South Africa, a full inquiry is needed."

Meanwhile, Government Ministers and leading National Party politicians were speaking to meetings called throughout the country to-day to celebrate the Day of the Covenant, anniversary of the Zulu defeat at the Battle of Blood River

Mr. P. W. Botha, Minister of Defence, announced that a South African Army Womens' Corps is to be established in the New Year because of the growing number of women wanting to join the armed forces.

New theory on Baghdad blast

CAIRO, Dec. 16.

THE BOMB which exploded at Baghdad airport was aimed at blowing up an Egyptian airliner and its passengers in mid-air, its pilot was reported to have said here to-day.

Three people are said to have died and many were injured by the explosion in the airport customs hall only 13 minutes after the aircraft had arrived from Damascus—but it was flying half an hour ahead of schedule.

Captain Safwat Ismail, in an interview with the Cairo daily Al-Akhbar, said on his return to Cairo his airliner had taken on 15 more passengers at Damascus. "Our departure from Damascus airport half-an-hour early saved the plane and its passengers from certain disaster," he was quoted as saying.

An Iraqi Government spokesman said yesterday the bomb had been put in a suitcase and slipped aboard the airliner at Damascus airport. In Damascus to-day, an official spokesman denied Iraq's allegation that Syria was responsible for the explosion.

Reuter

Japanese trade balance shows $540m. surplus

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 16.

JAPAN REGISTERED a visible trade surplus of $540m. in November, or less than half the previous month's surplus of $1.14bn., the Ministry of Finance announced to-day.

Exports were up 28 per cent. over the level of a year ago to a total of $5.52bn. while imports, at $4.98bn., also showed a 28 per cent. rise. On a seasonally adjusted basis exports showed a rise of 1.5 per cent. over October while imports were up 8.8 per cent. These figures must be rated as reassuring for the future given that, in October, both imports and exports had shown seasonally adjusted falls from one month earlier.

Despite the halving of the trade surplus, Japan's balance of payments was in surplus by $280m. during November whereas, in October there was an overall deficit of $98m. The shift back to surplus reflects a strongly favourable short term capital trend (in surplus by $360m.) and a reduced long-term capital deficit (in the red by $130m.). The invisible account showed a deficit of $490m., a more or less normal figure for Japan.

The reduced level of Japan's long-term capital deficit in November was due primarily to heavy purchases of Japanese bonds during the month by foreign investors. Foreigners made net purchases of bonds to the tune of $270m.—the highest figure ever. In the previous three months net foreign purchases registered about $100m. per month.

Foreigners were apparently buying Japanese bonds during the month because of a favourable interest rate differential between the Japanese and Eurobond markets.

Reuter adds: Japan might have to consider a flexible attitude towards the unilateral establishment of a 200-mile fishing zone by various countries, the Foreign Ministry spokesman said here to-day.

He said Japan still believed the issue of 200-mile fishing zones should be settled multinationally, such as at the International Law of the Sea conference to be held next May.

But, he added, "we should be realistic towards a world-wide trend to declare such zones. We may have to consider a rather flexible attitude."

● The Tokyo district court to-day postponed the trial of Yoshio Kodama, an ultra-right-winger involved in the Lockheed payments scandal, until sometime after next April because of his illness, UPI reports from Tokyo.

The trial was originally scheduled to start this morning, but Mr. Kodama's lawyer notified the court the same day in writing that he would be bed-ridden for at least three more months. Mr. Kodama (65) was indicted last summer for violation of the income tax law and the foreign exchange and foreign trade control law in connection with money allegedly received from Lockheed. He has avoided arrest so far on the grounds of illness although prosecutors have questioned him repeatedly at his bedside.

Poll defeat means a major shakeup for Communists

BY DOUGLAS RAMSEY IN TOKYO

THE STUNNING defeat of Japan's Communist Party (JCP) at the polls this month was almost overlooked in the fracas following the Liberal Democratic Party's failure to retain its majority in the Lower House and subsequent talk of Prime Minister Takeo Miki's resignation, expected to be announced to-day.

But the LDP got its majority of 258 by recruiting nine independents and the Opposition parties are consigned to another four years in the wilderness. For four of the five Opposition parties, however, the election was a success. The Japan Socialist Party (JSP) gained 11 seats, making 123 altogether. The Komeito (clean government party) nearly doubled its seats from 30 to 55, the Democratic Socialists (DSP) went from 19 to 29 seats; the New Liberal Club (NLC) won 17 seats in its first election since its founders, five LDP Diet members, split from the ruling party last May.

Only the JCP (besides the LDP) lost seats in Japan's twelfth Lower House election since the war, winning only 17 seats in the 511-member chamber, compared with the 35 seats it won at the 1972 elections. The loss is made all the more hard to digest for the JCP by the fact that the party did not win a single seat in any of the new constituencies which created 20 new seats in working class urban areas (Saitama, Chiba, Tokyo, Kanagawa and Osaka).

The JCP's share of the popular vote was virtually the same this time as in the 1972 elections: the preliminary figure is 10.37 per cent. compared with 10.49 four years ago. But, although the JCP got 6.2m. votes throughout Japan, it won fewer seats than the DSP (29 with only 3.5m. votes) and only as many seats as the NLC (17 seats with only 2.4m. votes). The JCP defeat does not indicate a significant decline in popular support—the only bright spot on the horizon for the JCP organisers. Otherwise, the election was a debacle.

Why did the JCP lose seats in an election even though urban voters—the party's forte—were proportionally better represented than ever? First of all, the JCP spread itself too thinly. It put up one candidate in each of the 130 voting districts, and a second candidate in Kyoto's first district where the party won two seats in the previous election.

By spreading the party's campaign funds throughout the country the JCP was unable to concentrate on sure or nearly-sure seats. The DSP, by contrast, put up only 51 candidates and managed, with much lighter nationwide support, to get 29 of them elected to parliament.

Contesting seats in all electoral districts is nothing new for the JCP. In 1972 the party put up 122 candidates, omitting only a few remote farming districts. Yet that year 38 of its candidates succeeded and it became the second largest opposition party.

> Obviously the party's attempts earlier this year to mimic Euro-communism and drop key Marxist words from its vocabulary did not lose it many voters so there may be room to stray further from doctrinaire Communism.

Other errors—or circumstances—also account for the JCP's electoral defeat. The party was hurt by the emergence of a new political party. Ironically, Mr. Yohei Kono's conservative NLC took popular votes from LDP candidates but in several constituencies, especially the new urban ones, did not push them into second place while the JCP, which in most cases held marginal seats, was hardest hit by the existence of six, not five, parties vying for the three-to five seats allocated to each district.

Thus, in the six newly-created constituencies where the JCP should have go tseats because of its urban, working class appeal, the party took none of the 20 new seats—yet the LDP managed to win five seats and the NLC got four. (Komeito won three, the JSP did best with one in each district, and the DSP won two.)

The rising popularity of the semi-religious Komeito also displaced marginal communist incumbents. The Komeito emerged as a strong party in the 1969 elections urging "clean government," but dropped from 47 to 29 seats after the 1972 elections. Its chief rival for marginal seats, the JCP, increased its seats from 14 to 38 in that election, in no small way thanks to the apathy of Komeito voters. This time, however, the Komeito pulled in 10.9 per cent. of the vote as in 1969 against 8.5 per cent. share in 1972.

As a result, the Komeito regained several seats lost to the JCP in 1972.

The defeat—largely due to an over-extended campaign, redistribution, the emergence of a sixth major party, and the revival of Komeito—should force the JCP into a review of its electoral strategy. Obviously its attempts earlier this year to mimic Euro-communism and drop key Marxist words from its party vocabulary did not make it more palatable to the Japanese electorate, nor lose it many voters, so there may be room to stray further from doctrinaire Communism.

Certainly the JCP has already begun openly to question its own staunch opposition to the Japan-U.S. defence pact, although it is not yet ready to accept it as Italy's Sig. Berlinguer has accepted Nato.

The real changes may, however, come at the grass-roots organisation to back it up. The JSP has worked hand-in-hand with Japan's largest union, Sohyo, for years. This was the first election in which the second largest union, Domei, put its entire organisation to work for the moderate Democratic Socialists. The message is clear: the JCP needs union support. It is the Communist Party's failure to command the unions' and workers' allegiance that, in Japan, keeps the far-Left alternative far out of sight. But not out of the minds of more than 10 per cent. of Japanese voters.

Lebanon Cabinet embarks on reconstruction

BY IHSAN HIJAZI

BEIRUT, Dec. 16.

THE WEEK-OLD Cabinet of Dr. Selim al Hoss has embarked on plans for the reconstruction of Lebanon. At its first working session yesterday three separate committees were formed: one for rebuilding demolished Government offices, another for providing aid for reconstructing private property, and the third for giving relief assistance to Lebanese harmed by the fighting.

The Cabinet also approved a policy statement on the basis of which it will seek investiture from the Lebanese Parliament, which is to meet on December 23.

Dr. al Hoss is due to leave to-morrow for visits to Saudi Arabia, Kuwait and the United Arab Emirates, where he is thought to be seeking initial aid of $100m. to launch the reconstruction projects. At the Arab summit conference on Lebanon in Riyadh in October, President Elias Sarkis was reported to have told Arab heads of state that Lebanon would need $3bn. to achieve complete reconstruction.

Dr. al Hoss is thought likely to also raise the question of finance for the 30,000-strong Arab deterrent force here. Arab leaders have decided to allocate $90m. for the force for the next six months, but only $60m. of this is said to have been paid.

Other signs that things were gradually getting back to normal was the official re-opening of business yesterday of Beirut harbour. It was also disclosed that a new civilian airport is being built in the Christian-dominated area of Hamat, about 25 miles north of here.

Meanwhile, a special four-member Arab committee, made up of the Saudi, Egyptian and Kuwaiti ambassadors and Syrian Colonel Mohammed Al Kholy, met here to-day for the second time this week to discuss the collection of heavy weapons from rival Lebanese groups, including Palestinian guerillas. The three ambassadors discussed the issue yesterday with guerilla leader Yasir Arafat. They were reported to have been told the commandos had already moved their heavy weapons to the south of the country.

The daily newspaper An Nahar reported that the heavy weapons in Palestinian hands may be used by the Arab states as a means to exercise pressure on Israel during any projected Middle East negotiations.

● Syria denied to-day the Iraqi allegation that it was responsible for Tuesday night's bomb explosion at Baghdad airport, which killed three people, Reuter reports from Damascus.

India warning to industry

By K. K. Sharma

NEW DELHI, Dec. 15.

INDIA'S FINANCE Minister, Mr. C. Subramaniam, has rejected industry's demands for more fiscal concessions and has warned industrialists that unless they stimulate production because of recent incentives the Government would be forced to take other measures.

These he did not specify but in a meeting with representatives of industry he said the economy was poised for rapid expansion and the country could not miss the opportunity of giving it a meaningful push. The Government was prepared to give help in certain critical areas but this could depend on a suitable response from the private sector.

The Minister pointed out that public investment has been substantially raised but production in the private sector has not accelerated correspondingly.

Israeli inflation grows

BY L. DANIEL

JERUSALEM, Dec. 16.

LATEST FIGURES from the Israeli Bureau of Statistics show a 4.5 per cent. rise in the cost of living index during November. Bringing the total increase for the first 11 months of 1976 to 34.4 per cent.

This index, based on consumption patterns in 1968, is far from reflecting the real rise in the cost of living. This has been acknowledged by the Bureau, now engaged in revising the composition of the "basket" on which the index is based.

A rise of 2.5-3 per cent. is fore cast for this month, and the Government's capitulations to wage demands in the public sector (11 months before general elections) will result in the continuation of the current trend in 1977, with heavy recourse to the currency printing presses likely.

Other statistics released to-day show an increase in unemployment from 3.2 to 4 per cent. of the Israeli labour force (to 47,000) during the third quarter of this year. This appears to be structural unemployment. The number of job offers still exceeds that of job-seekers.

Meanwhile, following yesterday's general strike of merchants throughout the West Bank, a meeting took place here this morning of heads of chambers of commerce in the West Bank and the old city of Jerusalem to consider further steps they intend to take against the introduction of value added tax.

● Defence Minister Shimon Peres apparently failed during his talks in the U.S. earlier this week to obtain production rights for parts of the U.S. F-16 fighters. Israel is reportedly interested in 250 of the aircraft, which will become available in 1980-81, at about $8.5m. each. Partial production here would reduce the cost and could open the way for Israeli plants to supply parts to the U.S. manufacturer.

Australia to cut spending

CANBERRA, Dec. 16.

AUSTRALIAN TREASURER Phillip Lynch announced to-day that Government spending will be cut by $250m. The cuts will be achieved mainly by deferring expenditure.

They are designed to offset the inflationary effects of Australia's 17.5 per cent. devaluation of its currency two weeks ago. Subsequent small revaluations, however, have reduced the fall to 14.5 per cent.

Meanwhile in New Zealand, Minister of State Sir Keith Holyoake has warned that continuation of sporting ties with South Africa would seriously jeopardise New Zealand's international reputation.

Reuter

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WORLD TRADE NEWS

Costs escalate at Lonrho's sugar project in Sudan

Y JAMES BUXTON AND ALAN DARBY

COST of Lonrho's star opment project—the Kenana ne to build one of the l's largest sugar plants with minantly Arab money in n—has risen by $125m. to n. over the past few months. completion date has been ack by about nine months he company's site manager tly resigned after only a nonths in office.

t September Kenana told inancial Times that the pro- which involves erecting and ting a factory which should 980-81 produce 300,000 tons gar a year from an 80,000 irrigated estate, was likely st $350m., while in July 1975 gure of $250m. was quoted. sident Jaafar Mohammed iri of Sudan recently said the cost of the project l be $450m., but Kenana tives have privately quoted gure of $475m. The start- late for production at the ry is now November 30, compared with February e same year as was stated months ago.

: very fast increase in the of the project, for which o did the feasibility es. is blamed by Kenana on main factors. One is the onal delay in the arrival ne of the Arab money com- d to the project, leading to s in signing contracts. A d is the fact that many companies tender higher for contracts in Sudan than elsewhere because of the very difficult working conditions, due to the country's poor infrastructure. A third is world inflation. The escalation in cost has naturally complicated the task of financing the project.

Kenana is a consortium in which Lonrho has a 5.5 per cent. stake and holds the management contract. The other shareholders are the Sudanese Government (40 per cent.), the Government-controlled Sudan Development Corporation (10), the Kuwait Government (23), the Arab Investment Corporation—whose largest shareholders are Kuwait, Saudi Arabia and Abu Dhabi — (17), Gulf Fisheries (2.25) and Nissho Iwai (2.25).

The company has paid up capital of Sudanese £40m. ($116m.) and the Arab Investment Company has lent $15.75m. A Kenana source has made clear that the extra finance for the project will be forthcoming either through increased equity or syndicated loans from the Arab Governments backing it. These, it is pointed out, are too heavily involved to back out now and anyway have firm commitments to foster economic development in Sudan.

Last month two directors, the Kuwaiti Sheikh Nasser Sabah al-Ahmed, and the Sudanese Mr. Khalil Osman, resigned from the Lonrho Board. Kenana denies that the resignations were in any way connected with the fortunes of the sugar project and Lonrho said at the time that the two had left the board because of the pressure of their other interests.

Sheikh Nasser, the son of the Kuwaiti Minister of Foreign Affairs, controls a block of Lonrho shares through Gulf Fisheries, which in October made up 22.9 per cent. of the equity through Gulf Fisheries, which also has a small separate stake in Kenana. Mr. Osman is managing director of Gulf International, in which Sheikh Nasser has a large interest and which has big investments in Sudan, backed by Kuwaiti money.

Because of the very weak industrial infrastructure in Sudan, the establishment of any major project is extremely difficult, and in the case of Kenana the difficulties are compounded by the scale of the project, for which all inputs must come either by narrow gauge railway or desert track over a distance of more than 600 miles.

At the same time the complex management and Board structure of the company, in which the interests of so many commercial and governmental concerns both from Sudan and outside must be represented, have not made the management of the project any easier.

These two sets of difficulties are believed to have contributed to the resignation of the site manager, Mr. Arthur Beevers. Lonrho has now posted its chief sugar engineer, Mr. Rene Noel, from London to the site, 180 miles south of Khartoum, while Mr. Ron Colley, who has been coordinating operations in Khartoum, is also to move to the site.

Although the construction of the irrigation canals and the planting of sugar cane, are apparently up to schedule, the principal victim of the delays is the construction of the sugar factory, whose foundation stone was laid behind schedule last month. The equipment for the factory is being supplied by the French concern Technip and Nissho Iwai.

The Sugar Development Corporation of the Republic of Tanzania, has awarded a contract to a consortium of Booker Agriculture International and Tate and Lyle Technical Services to study the sugar industry of Tanzania, prepare a development programme for the industry until 1990 and complete investment proposals for the first stages of the plan.

£70m. deal with Poland concluded

COMMERCIAL agreements and contracts worth about £70m. were signed in London yesterday between British firms and Polish enterprises, as Mr. Piotr Jaroszewicz, the Polish Prime Minister, called for more economic co-operation with the West as well as the East.

He said in London on the second day of a two-day official visit: "This goal is served by the strengthening of our co-operative effort with the Soviet Union and other members of Comecon. It is also served by a broad expansion of economic relations with other countries.

A trade protocol was also signed by Mr. Edmund Dell, Secretary of State for Trade, and Mr. Jerzy Olszewski, Polish Minister of Foreign Trade and Shipping.

The commercial documents signed included letters of intent for two large contracts involving Cementation International for the construction of a new air terminal worth about £45m. for the Polish airline, LOT, and for two new hotels at Gdynia worth about £23m.

A £5m. contract was also signed involving a joint U.K.-Polish company Polibur in supplying equipment for a cyclohexanone plant in Czechoslovakia.

Further agreements were also concluded, involving ICI and Shell for increased trade in chemicals, Anglo-Chemicals for guaranteed supplies of Polish copper on a long term basis, and Brandts for Polish timber supplies also on a long term basis.

Soviet paper shortage forecast

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 16.

THE SOVIET pulp and paper mills' requirements of new capital, whether domestic or foreign, are growing more rapidly than those of the rest of Soviet industry. The expansion needed in pulp and paper output will also bring about a demand for imports far above the present level.

But, as the import of capital in the form of joint-venture projects has not so far been successful, the likelihood is that the Soviet Union will have to go more heavily into the international loan market to meet the mills' needs.

These are some of the conclusions reached in a 200-page study of the Soviet pulp and paper industry just released by DIROSAB, the Stockholm-based Institute of East European Market and Economic Research. It analyses the current situation within the industry and the prospects for development until the year 2000.

At present the Soviet Union, with a population of 250m., produces very little more pulp, paper and board than Sweden with a population of 8m. At the same time its industry employs four times as many workers as the Swedish mills. In addition to low productivity, it has problems with the supply of pulp wood, the quality of its products and capacity utilisation.

DIROSAB calculates that to reach the present level of paper and board consumption in East Germany by the turn of the century, the Soviet Union would have to produce nearly 26m. tonnes if the past consumption trend continues. The minimum output would have to be just over 21m. tonnes by the year 2000 compared with 8.25m. tonnes in 1975.

The construction of a pulp and paper combine in Siberia currently spans three Five-Year Plans, according to the institute, which argues that a swift expansion of the industry must start immediately after the end of the current plan in 1980. Some 14-16.5bn. roubles would have to be invested during the '80s and the present rate of construction more than doubled.

This assumes that the industry would be given the highest priority which, DIROSAB notes, is doubtful. However, it argues, injections of foreign capital and imports of machinery, chemicals and ancillary materials will be "an absolute necessity."

In the short run, the low investment rate and the priority being given to reconstruction and modernisation of existing plant should put the emphasis on imports of single machines and systems rather than on complete plants. The Soviet mills' efforts to improve quality while continuing to use inferior raw materials would also call for a wider selection of imported chemicals.

The Soviet Union is currently a net exporter of pulp and paper products. While the enlargement of capacity is expected to lead to an increase in foreign trade, the net surplus volume should remain largely unchanged, according to DIROSAB. Thus, it believes, the Soviet Union will be in no position in the near future to take over the Nordic producers' role as the major suppliers of pulp to Western Europe.

Italy moves to expand trade

BY DOMINICK J. COYLE

ROME, Dec. 16.

SIG. RINALDO OSSOLA, the Italian Foreign Minister and, on the evidence of recent weeks at least the most active Minister in the Christian Democrat Cabinet, has now concluded a series of bilateral discussions in Rome aimed at expanding Italy's trade with the USSR, Romania and Turkey.

Sig. Ossola, formerly the deputy director-general at the Bank of Italy, has had meetings this week with Mr. Necmettin Erbakan, one of three deputy Turkish Prime Ministers, Mr. Gheorghe Gaston Marin, the Romanian Minister with responsibility for prices, and the Soviet Deputy Minister for Foreign Trade, Mr. Komarov.

Prior to this series of meetings, Sig. Ossola has paid an official visit to Iran, and this week-end he will be the first Minister to visit Libya since the Khedaffi régime came to power.

Libya, meanwhile, has concluded a £250m. deal with Fiat, giving Khedaffi almost a 10 per cent. direct stake in the Italian conglomerate, which has long since diversified out from motor manufacture.

The Soviet Union, in particular, is anxious to expand its trading relations with Italy, but in the present period of austerity here the Italians are in no position to offer generous credit terms, a point which Sig. Ossola made to Mr. Komarov in their talks here this week.

There are also some difficulties in the way of a major expansion of Italian trade with Romania, given Italy's trading obligations as a member of the EEC, but this country is now anxious to import relatively low-cost beef from Romania, although this too will be subject to approval by the Nine.

The visit of the leader of Turkey's National Salvation Party, Mr. Erbakan, is in some ways the most interesting, since he has previously spoken out strongly against foreign investment in Turkey, although there are indications now that he accepts at least the necessity for buying in new technology in order to advance Turkey's continued industrialisation drive.

The opportunities for expanding in the short term direct bilateral trade with Italy must be somewhat limited, however, since Turkey has both a chronic deficit on foreign trade account and a continuous shortage of hard currency. On the other hand, Mr. Erbakan, whose party controls the Industry Ministry in Ankara and thus has an obvious influence on the development of Turkey's economy, is now known to be interested in concluding bilateral deals with a number of Italian state-sector companies, notably in heavy engineering and petrochemicals.

.T experts n Caracas

ancial Times Reporter

IR LONDON Transport erts are flying to Venezuela the next few weeks to se on the establishment of urban transport authority Caracas. The five-year con- ation programme is nised by London Transport rnational, the subsidiary pany which was set up ier this year to market don Transport expertise ss the world.

ie resident team will be ed up by other experts London Transport who visit Caracas on short-term gnments as necessary to y out particular tasks. ndon Transport International's managing director, Arthur Knight, said: "This ie most important overseas ultancy job we have yet ertaken."

Australia's offshore potential

BY LORNE BARLING

AN ESTIMATED $A10bn. (£6.25bn.) is to be spent on the development of major offshore gas reserves and related industries in north-Western Australia in the next decade, according to the Western Australia Government.

Potential British and Continial suppliers have been invited, through the London-based Offshore Centre, to visit Western Australia to examine development opportunities, which include oil exploration and the supply of a wide range of plant and equipment.

It is felt that the experience gained by European countries in the development of North Sea oil will provide the necessary expertise to play a major part in the programme.

About $A2bn. is expected to be spent on bringing gas ashore and the remaining investment will be in projects still being considered, which may include steel, alumina and uranium.

The Offshore Centre's mission will visit the area in February and March next year and will include companies which can provide engineering equipment and services, foundries, electronics, electrical equipment, pumping equipment, and related goods.

The centre, which has a wide membership in the oil and process plant industries, said yesterday that its first mission, to Egypt, had produced a favourable response and was likely to generate a number of contracts. Further missions to India, the Middle East, South America and the Far East were planned

Philippines copper plant

FINANCIAL TIMES REPORTER

Balfour Beatty has been awarded two sub contracts with over £9m. for the £22m. turn key contract awarded in the Philippines to Klockner INA Industrial Plant of the U.K. for the third and final phase of a copper concentrate plant for Batong Buhay Gold Mines of Manila.

Balfour Beatty Engineering will undertake procurement of equipment and materials for effluent treatment plant and miscellaneous mining equipment. Balfour Beatty Power Construction will undertake design, supply and supervision of erection of power transmission line and associated sub-station. Commissioning of the third phase is scheduled for autumn 1979.

Japanese motor parts mission to Europe

TOKYO, Dec. 16.

THE JAPANESE motor industry has formally adopted a plan to send a mission to the U.K. and France early next year to increase imports of motor parts from both countries, chairman of the Japan Automobile Manufacturers' Association, Mr. Eiji Toyoda, who is also president of Toyota Motor, announced.

He said the date and members of the mission have yet to be decided, but it will aim to explore the possibility of increasing Japanese purchases of motor parts from the U.K. and France.

Mr. Toyoda said the buying mission is likely to go to the U.K. in late February and then to France to join a Japanese Government survey group to be sent in March for a similar purpose.

Reuter

SNAM wins Omani deal

BY BARBARA CASASSU

MUSCAT, Dec. 16.

SNAM Progetti, the engineering subsidiary of the Italian state-aided oil company ENI, has won a contract to lay a 331 km gas pipeline in Oman.

According to reliable commercial sources, the successful bid of $31m. was won against those of eight other international contractors, including McDermott Hudson of the U.S., Sogex of the Lebanon, and Preuss of West Germany.

The Italians did not quote the lowest price, but their tender involved a working period which was shorter than most. It is understood the contract duration ranged up to 22 months in one case, while prices varied enormously from around $28m. to some $46m. at the top end of the scale.

Meanwhile Snam Progetti has signed two contracts with the Fertilizers Corporation of India worth a combined $45m. to supply an ammonia plant with a daily capacity of 900 tonnes and a urea plant with a daily capacity of 1,000 tonnes to be built near Bombay.

HOME NEWS

Petrol prices may rise by 2p-3p next week

BY RAY DAFTER, ENERGY CORRESPONDENT

MOTORISTS face a petrol price rise of between 2p and 3p a gallon next week, the fourth to be applied by the oil industry this year.

The price adjustment will largely reflect the impact of the falling value of sterling.

It will take no account of any rise in crude oil prices which might be approved by the Organisation of Petroleum Exporting Countries. A 10 per cent. OPEC rise, for instance, would result in an across-the-barrel increase in wholesale product prices of about 2p a gallon.

Petrol and Derv prices might rise by more than this average for two reasons: first, value added tax and dealer margins would need to be adjusted: secondly, oil companies might decide to hold down industrial fuel prices and weight petrol prices accordingly.

The petrol market has been one of the few growth sectors in the oil products industry this year. Volume sales are about 5 per cent. above last year's levels.

As to the next round, at least some large oil companies have justified to the Price Commission increases on all products much bigger than the rise they propose to implement.

The first announcement is expected in a few days, and will be followed quickly by similar declarations. The market leaders Esso, Shell and BP, and all the major groups, have applied for increases.

Just over a year ago the representative price of four-star stood at 72.5p a gallon. It is 82p now and may be 85p by this time next week. Five years ago four-star cost 34.5p.

Mr. John Fraser, Prices and Consumer Protection Minister, renewed a Government warning yesterday about misleading price displays.

At the Conoco-Jet Motoring Writer of the Year luncheon, Mr. Fraser said some gimmicks at filling stations had soured relations between retailers and customers.

Mr. Fraser warned that unless the situation improved the Government had an obligation to legislate for clear and unambiguous price display.

'Life' terminal bonus rates cut

BY ERIC SHORT

THE SCOTTISH Amicable Life Assurance Society is cutting its terminal bonus rates on life policies by 25 per cent. from January 1, while keeping its reversionary bonus rates unchanged.

Reversionary bonuses on traditional life contracts, paid every year, are mainly funded from the investment income of the life fund, while terminal bonuses are paid out of capital profits when the contract goes off the books, either by the death of the investor or by the policy's reaching maturity.

Life companies made large cuts in terminal bonuses during 1974 and the beginning of 1975 as a result of the collapse of the stock and property markets. The recovery in 1975 saw most companies make a complete or partial restoration of these cuts. But, this year no announcement has been made by any life company of bonus rates, despite the fall in the equity market, until yesterday's move by Scottish Amicable.

Mr. W. Proudfoot, general manager and actuary of the company said that the stock market had fallen drastically this year, with the FT Actuaries All-Share down by more than 10 per cent. since January.

The new terminal bonus rate is 0.6 per cent. of the maturity value for each policy year except the first five, compared with 0.8 per cent. previously. This means that a policy with the sum assured and existing bonuses totalling £1,000 will get a terminal bonus of £120, making a value of £1,120, instead of £160 for a value of £1,160.

Laker urges Dell to press U.S. for Skytrain licence

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FRESH moves to get Skytrain in operation have been made by Mr. Freddie Laker, chairman of Laker Airways. He has asked Mr. Edmund Dell, Trade Secretary, to urge the U.S. Government to expedite the issue of a licence to enable him to start his low-fare flights as soon as possible across the North Atlantic.

This follows the Appeal Court decision on Wednesday upholding Laker Airways' right to the Skytrain licence and declaring that Mr. Peter Shore, Trade Secretary earlier this year, exceeded his powers in withdrawing the airline's designation as a U.K. North Atlantic carrier.

Mr. Laker's view, expressed in a telegram to Mr. Dell, is that, having been upheld on nine occasions, in either court hearings or licence applications to the Civil Aviation Authority, the Skytrain concept of no-reservations, low-fare services across the North Atlantic is fully vindicated and should be allowed to operate.

Mr. Laker may have to wait some time. Despite the success of the legal campaign for Skytrain in the U.K., the idea still has not been approved in the U.S by the Civil Aeronautics Board. Until U.S. approval is forthcoming, Skytrain flights can not start.

Winning that approval is likely to be more difficult than at any time in the past few years because of the U.K. Government's decision to press for renegotiation of the Anglo-U.S. bilateral air agreement

The Department of Trade is in a particularly difficult position. It is insisting on more strict control of capacity—the number of seats offered—on the route as the basis for a new Anglo-American air agreement. It cannot openly support the cause of Skytrain, which would add a considerable additional number of seats on the route.

Plant closure advanced

FINANCIAL TIMES REPORTER

COURTAULDS HAS brought forward to to-morrow the proposed closure of its Skelmersdale weaving factory employing about 1,000 people.

The plant was due to close next month. Earlier closure was decided on at a meeting of the management and unions.

The plant has lost more than £6m. since it was opened in 1968. Workers decided last week not to oppose further the company's decision announced at the beginning of November. Efforts are being concentrated instead on finding a buyer for the plant.

Kensitas advert complaint likely

By Stuart Alexander

ACTION on Smoking and Health, the anti-cigarette campaign, is to complain to the Minister of Health and the Advertising Standards Authority that the latest series of advertisements from Gallahers promoting its coupon brand, Kensitas, contravenes the code of practice on cigarette advertising.

The campaign is based on an offer of a 500 Kensitas gift coupon voucher in exchange for 250 Guards coupons. Guards are manufactured by Carreras Rothmans.

ASH feels that the advertisements encourage people to smoke more, and one of the conditions of the offer, which runs until January 14, is that the voucher be accompanied by at least a further 500 coupons collected in the normal way from packets.

Carreras Rothmans has announced that it intends to give up coupon and trading stamp incentives, which is why Gallahers have taken this initiative to appeal for a switch in brand loyalty.

The advertisement also assures readers that Kensitas intends to continue to give coupons.

The move has also angered Carreras Rothmans, which says that the advert is misleading in claiming better value for Kensitas smokers.

Gallahers claim that it is not encouraging people to smoke more and emphasises that the advertisement clearly states that one has to smoke fewer Kensitas than Guards to save enough coupons for the same gift.

Commission urge to control £3bn. gambling industry

BY MICHAEL THOMPSON-NOEL

A NATIONAL Gambling Commission to oversee Britain's £3.2bn.-a-year industry is suggested by the Gaming Board. It was giving evidence to Lord Rothschild's Royal Commission on Gambling.

The commission was told: "The Board considers that the very magnitude of the sums nowadays entrusted by the public to the industry—well over £3bn. a year, by any reckoning an enormous total—demands a proper public oversight of all aspects of gambling and codification or harmonisation of rules governing various forms of gambling."

The suggested c... would have three ma... —to supervise gam... gambling and betting.

The Gaming Boa... control cash bingo, charity pools, machines, lotteries, ... ment arcades, footb... prize bingo and sp... and other prize comp...

The Betting Boar... idea—would regulate 14,500 betting shops...

The Gaming Board's ... stresses that gambli... activity in need of th... regulation: "Legal ...

Pay-off for 194 at Has...

BY OUR GLASGOW CORRESPONDENT

THE GOVERNMENT-BACKED takeover by Vickers of the collapsed Greenock ship steering gear manufacturer John Hastie and Co. will not avert the pay-off to-day of a third of the firm's 568 workers.

The Receiver, Mr. Matthew McPhail, is issuing notices to 194 employees, although after trade union representations he has agreed to keep on 21 apprentices.

This would leave about 380 workers to be employed by a new company which will inherit Hastie's order book for about 40 sets of steering gear, providing employment to ne...

The takeover, like... completed on Dece... involves the setting-up ... pany by Vickers to ... Hastie's activities, inc... two subsidiary found... tions.

The business will b... the Vickers subsidia... Bros. of Edinburgh, w... makes steering gear. ... factory will be taken ... the Scottish De... Agency and leased ba... new company. Some ... tion there is likely, ... with a Government ...

AFTER THE ECONOMIC PACKAGE . . .

Selective aid schemes now preferred

BY ADRIAN HAMILTON

IF THE Department of Industry's new £100m. investment assistance scheme has ended with the vague title of the Selective Investment Scheme, it is partly because it is very much a reflection of the Department's increasing enthusiasm for selective, rather than blanket, investment aid and partly because no other title can quite express the broad range of projects which it is intended to cover.

The selective aspect is, indeed, of crucial importance to the way officials are approaching the issue. Over the last three years, both the Department of Industry and the Treasury have become disenchanted with previous aid policies through tax incentives or regional grants on the grounds that they are either wasteful or that they are too responsive to particular employment crises, such as Meriden.

In line with the Government's broader move from macro-economic policy to micro-economic analysis, contained in the "industrial strategy," the aim has been to develop aid schemes which answer specific investment problems—the provision of additional capacity in a particular industrial sector (ball bearings), the creation of a British presence in a particular product field, or bringing forward investment at a time of depression.

This attitude has already brought forward a series of specific industry aid schemes such as ferrous foundries, or poultry processing where an individual sector has seemed in need of a substantial renewal of assets.

It has also brought forward the broader Accelerated Projects Scheme, which came to an end this autumn, and was designed to get companies to advance investment which might have been delayed for reasons of financing or demand projections.

The latest scheme is designed as a successor to the Accelerated Projects programme (there are also expected to be more industry-aid schemes such as electronic components and non-ferrous foundries). Like its predecessor it is intended to help companies, largely in the form of interest relief grants, to introduce investment they might have postponed or not considered.

Help can be given not only in interest relief, but also towards working capital and, if necessary the provision of loans. The terms can be altered to fit the project. The essential aim is to encourage large investments with the maximum impact and, for this reason as well as administrative control, the lower limit has been put at projects costing at least £500,000. But each project will be negotiated separately with the department.

The main difference on this occasion is that the type of project has been broadened to cover almost anything which the company can claim it would not otherwise have undertaken on the basis proposed (in relation to its nature, scale, or timing) in the absence of Government assistance."

In view of the continuing recession, this still includes projects which might have been delayed. It also includes expansion of capacity which might not have been undertaken; investment to increase efficiency; and, most important in the light of the comments of the sector working parties of the industrial strategy, "a desirable extension of product range or marketing."

What this really means is that the Government can now give help to almost any project which it—or the NEDO sector working parties of the strategy—regard as in the national interest.

Whether it will be successful is a different question. The Acelerated Project Scheme—£85m. of which has so far been offered—was clearly successful in meeting a specific need at a time when many hoped that recovery was near. The ratio of aid to total capital cost, at about one-in-six or seven, was high and the 121 projects approved represent an investment of £641m. with a balance of payment benefit of about £475m.

But many of the projects would have occurred in any case, if a little below. On this occasion conditions have changed, the recovery is no longer as obvious. The broad range of items covered means a certain confusion in aim.

This kind of broad discretionary assistance raises considerable question as to the qualitative judgment of the Department of Industry—although the applications are being vetted by the Industrial Development Unit composed of experienced financial and business executives on secondment to the Government. It brings with it some State direction, which raises serious questions both of conflict with EEC rules on fair trade and competition, and more general arguments over the role of the market place and the British obsession with capacity rather than quality.

Only a prolonged period of experience can tell whether this approach is as successful as the department officials claim. The latest scheme is open to applications until the end of June 1978. With the months taken to negotiate the offers and the timing of actual payments, about £10m. a year is expected to be paid in practice over the next two years—although the amount committed will be much more.

But successful or not, the latest scheme represents a clear and fundamental development in Government thinking on industrial aid which is likely to have important implications for the years to come.

SELECTIVE INDUSTRIAL ASSISTANCE TO DATE

Scheme	Allocated	Announced	Aid approved so far
Accelerated Projects	£120m.	April 1975	£85m.
Selective Investment	£100m.	December 1976	—
Wool Textile	£18m.	July 1973	£14.2m.
Wool Textile (2nd phase)	£5m.	November 1976	—
Ferrous Foundries	£40m.	August 1975	£27.4m.
Machine Tool	£20m.	August 1975	£3.2m.
Clothing	£15m.	October 1975	£2.4m.
Paper and Board	£23m.	June 1976	£3.8m.
Poultry Processing	£5m.	August 1976	£0.7m.
Redmeat Sluaghterhouse Machinery	£20m.	November 1976	—
Textile Machinery	£20m.	August 1976	—
Printing Machinery	£15m.	August 1976	—
TOTAL	£401.0m.		£136.6m.

Cigarette companies talk over price moves

By Stuart Alexander

MARKETING executives of all the major cigarette companies were locked in conferences yesterday trying to decide new pricing policies after the duty increases announced on Wednesday by Mr. Denis Healey.

Top of their list was how to protect their share of the rapidly growing king-size sector of the market. It is becoming increasingly clear that price increases in this sector will be kept to a minimum at the expense of loading additional costs in other areas.

The biggest headache was for Imperial where the John Player half of the empire is experiencing such success with its John Player king-size range as well as having brand leaders at their size with Players No. 6 and Players No. 10. On the other hand, the highly successful Embassy filter range is under pressure from both the king-size price war and the added detrimental tax effect on coupons.

One benefit of Mr. Healey's measures that emerged yesterday was that the duty drawback on cigarettes which are exported also will rise by 10 per cent. and, as the difference between the duty paid and the duty reclaimed results in a profit for the manufacturers because of the effect of processing, this means that their profit will rise by 10 per cent.

Nor will exports of cigarettes be restricted in the way that home deliveries are being held at 40 per cent. of the first two weeks in December for the last two weeks in December. Although the Christmas break will mean cuts in production, any extra capacity can be switched into export lines at a greater profit.

But recent high hopes in the industry that the Hunter Committee investigating the use of substitute materials in tobacco may at last report in the middle of January were set back yesterday by the chairman Dr. R. B. Hunter.

Discussions were still going on which the manufacturers, he said, and the committee had asked for additional information in some areas.

He hoped that a decision on whether or not the new materials should be permissible would be given within the next few months.

Talks between the industry and the Department of Health and Social Security are well advanced over the terms of a voluntary agreement on the inclusion of substitutes and additives.

Building industry voices swift criticism of cuts

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

REACTIONS from the construction industry to the Chancellor's public expenditure cuts were swift and critical yesterday.

Early estimates from the industry suggest unemployment in construction could rise above 300,000 by the end of next year against the current 220,000.

Industry leaders suggested large numbers of building companies could be forced out of business. They accused the Government of failing to appreciate the severity of the situation which it had imposed on the construction sector.

The acusations were accompanied by the expected complaints from the unions. These have, however, been muted. The majority of building workers do not belong to a union and there are signs that the industry's critical plight could be helping union recruitment.

The National Federation of Building Trades Employers said last night more than £1bn. of new building work would be removed from the construction sector's hands in the next two years, nearly half the total package of cuts.

The federation reckons that with the private housing sector also facing a sharp fall in work levels the total effect will be a reduction of 15-20 per cent. in the industry's output between 1977 and 1979.

The industry says i... to survive in its prese... in question and tha... an early improvement... loads its capacity to ... customary central pla... industrial and econo... ture of the country ... seriously threatened.

The federation said: ... mystified to find that th... still has not grasped t... role of construction ... country's industrial a... mic infrastructure. It ... realised that the eco... of this latest cut-ba... irrelevant any hopes th... ment may retain for ... regeneration.

The National Council ... ing Material Produ... written to Mr. Peter Sh... tary for the Environme... the Government is s... "total lack of compre... of the problems w... industry faces.

The Construction Training Board said ... year could be "catastro... a number of building c... It seemed the decline ... one of the worst exper... the construction sector.

The Federation of ... Builders said the ... brought the industry's ... to a "dangerously lo... Mr. Healey's measures ... placed and potentially d...

Burmah shareholders' views on BP stock

BY MARGARET REID

THE BURMAH Oil Shareholders' Action Group yesterday said it favoured the Government selling stock from its own 48 per cent. holding in British Petroleum—rather than from the 20 per cent. bought by the Bank of England from Burmah last year—under the proposals outlined in Wednesday's economic package.

The committee said it believed the latter procedure would be the correct one and it urged Mr. Alastair Down, Burmah's chairman, to take every possible legal step to ensure that there should be no disposal of any of the BP shares now held by the Bank of England until the trial of the action between Burmah Oil and the Bank.

The Bank of Englan... a 20 per cent. stake in... merly held by Burmah... £179m. at the depresse... prevailing early last yea... of its rescue operat... Burmah.

The interest is now nearly £400m. more. Bu... sued the Bank for the ... the shares at about la... purchase price.

BP shares yesterday r... 6p. to 728p., at which ... 17 per cent. holding, w... Government envisaged ... from the former Burm... of 20 per cent. if poss... if not from its own 48 ... interest, is valued in th... at £476m.

Stockbroker analysts are disappointed

THE Chancellor's mini-Budget was regarded as generally disappointing after initial reaction yesterday by stockbroker analysts.

There was concern over the apparently high monetary targets set by the measures and over the lack of a significant move to switch resources from the public to the private sector.

Dr. Paul Neild, of Phillips and Drew, said that targets for domestic credit expansion over the next two years had been set at too high a level. They implied a monetary expansion in terms of the wider definition of money stock (M3) of well over 10 per cent. a year both in 1977-78 and in the following year.

At the same time, it was "worrying that it has not yet been possible to make a more definite statement about a 'safety net' for sterling balances."

Phillips and Drew expected sterling to remain weak in the short term and, as a result, the equity and gilt-edged markets were likely to remain uncertain. The brokers commented that in two main areas a firmer commitment would have been welcome: on sterling balances and on the balance of resources. "The package clearly does not represent "an attempt to shift a significant proportion of resources from the public to the private sector." Dr. Nield said.

Similar views were expressed by Buckmaster and Moore, with the comment that "the money supply targets implied by the domestic credit expansion are much higher than most analysts were anticipating." The "safety net is a disappointment," and "the jobs at risk are still jobs in the private sector."

Hoare Govett said: "The financial community is likely now to feel that the authorities have once again opted for vacillation rather than decisive action."

Tough plans to reduce rent arrears

BARNSLEY Council in Yorkshire may crack down on tenants in arrears by allowing bailiffs to take furniture in lieu of rent. The tough move has been proposed to reduce a record of £174,000 rent arrears, which councillors fear could rise even higher.

If furniture was not worth selling, council officials would be abel to ask for a court order to have rent stopped from wages under proposals drawn up by Mr. Geoff Maslen, Barnsley's assistant rents director.

After that, if an eviction had to be carried out, families would be rehoused in sub-standard accommodation or council-owned caravans. And unless a £3.50-a-week charge was paid for gas and electricity the services would be cut off from the caravans.

The management sub-committee will seek full council approval for the proposals later this month.

SNOW REPORT

	Depth (cms.) L	Depth (cms.) U	State of Piste
SWITZERLAND			
Adelboden	40	80	Pwdr.
Arosa	83	100	Pwdr.
Braunwald	100	160	Pwdr.
Champéry	20	100	Pwdr.
Chateau d'Oex	50	100	Pwdr.
Davos	70	140	Pwdr.
Engelberg	30	120	Pwdr.
Flims	40	160	Pwdr.
Grindelwald	70	120	Pwdr.
Gstaad	40	120	Pwdr.
Kandersteg	100	130	Pwdr.
Klosters	100	120	Pwdr.
Leuk	60	100	Pwdr.
Les Diablerets	50	100	Pwdr.
Leysin	70	100	Pwdr.
Pontresina	40	170	Pwdr.
Saanenmoser	60	120	Pwdr.
St. Moritz	45	85	Pwdr.
Verbiers	60	150	Pwdr.
Villars	40	120	Pwdr.
Wengen	40	90	Pwdr.
Wildhaus	30	150	Pwdr.
Zermatt	60	100	Pwdr.

SCOTLAND

Cairngorm: Main runs only level run complete, all other Surface icy. Lower slopes limit areas, surface icy. Vertical ft.; access roads clear; s... 2,000 ft.

Glen Shee: Main runs a few piste but narrow; all oth... Hard-packed snow. Lower slo... nursery areas hard-packed sn... cal runs 1,000 ft.; access ro... snow level 2,000 ft.

Glencoe: Main runs a few runs others broken. Powder snow on Lower slopes limited nurser... powder snow on a hard base. runs 1,100 ft.; access roads cl... level 1,000 ft.

Inconvenient and a trouble, say drinks traders

BY ROY HODSON

THERE IS not likely to be any shortage of wines and spirits as a result of the package, but the drink trade sees Mr. Healey's measures as inconvenient and troublesome to trading at this season of the year.

The trade's complaints centre on the Government restrictions on withdrawals from bonded warehouses. The restrictions are being imposed, following the practice adopted after major changes in duty levels, so that supplies may be maintained without the State suffering from a rush to withdraw liquor at the lower duty rates between now and January 1. Suppliers have been told that withdrawals from bond will be restricted to 40 per cent. of the amount drawn in the first 15 days of December, a period of high trading volume for the Christmas business.

A strong complaint about the volume of administrative work that companies will be involved in at this their busiest time of the year was made yesterday by Mr. George Bull, chairman of the Wine and Spirit Association. He called the Government scheme a nightmare paperchase. He has sent a telegram to Mr. Healey asking for the drink transition scheme to be dropped.

Sir Henry Plumb, chairman of the National Farmers' Union, said: "Food prices will rise because of the removal of the subsidies."

Mr. Fred Jarvis, general secretary of the National Union of Teachers, said: "It is a relief that the cuts do not add to the threat to teacher employment."

Sir Reginald Goodwin, leader of the Greater London Council, said: "On first impressions we welcome the obvious attempt by the Chancellor to avoid cutting services which are essential to London."

Prospect of widespread bread price war unlikely

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

LAST of the three major groups said yesterday would not raise its basic of trade discounts on bread, the Department of decision to remove the statutory limit of 22½ nt.

announcement from RHM ed similar statements from wo main competitors— ated British Foods and s. Together with the of the unions, they make ssibility of a widespread war on bread unlikely.

has told its major super- customers that it would pared to negotiate higher nts only for special pro- s, and then, the discount limit would effectively be 26.37 per cent.

Earlier this week, Mr. Roy Hattersley, Prices Secretary, announced he would be removing the present statutory maximum on discounts of 22½ per cent. as from January 4.

Difficult

He also said he was introducing a new range of statutory maximum retail prices which would relate the maximum shop price to the price at which the bread was bought from the baker, while allowing the retailer to make a small profit on bread.

Immediately, some bakers feared a price war would break out.

But since then, both the major unions in the industry have threatened not to handle bread being sold at a big discount, while the bakers have, by publicly announcing their terms, made it much more difficult for retailers to trade one baker off against another.

Bread industry management and unions were yesterday believed to be discussing the situation at a meeting of the joint negotiating committee.

Though there seems to be some disagreement between the two sides as to what level of discount should be tolerated, there is a general agreement that a price war would be bad for the industry.

Coffee market to be probed

coffee market is to be d to the Price Commission vestigation. Announcing esterday, Mr. Roy Hat- . Prices Secretary, said e had received letters the price of coffee, par- ly in relation to the wide ons in price charged in The commission would prices, costs and margins portation, processing and ution.

said he wanted a report facts. Reference to the ssion did not imply that were unjustified or here was evidence of ering.

the beginning of the year the retail price of coffee has gone up by more than 50 per cent. At the beginning of the year a 4-oz. jar of Nescafe cost 40p. Now it is nearer 72p and further increases are expected within the next few months.

The retail price rises have reflected the upsurge in world coffee prices which have been caused by a series of natural disasters—such as the frost in Brazil—and political events such as the war in Angola. In the last 18 months the London price of coffee has quadrupled.

The Department of Prices is believed to be particularly concerned about the very different prices charged in shops. However, as the trade probably will point out, coffee has always been featured in special promotions and, nowadays, with the price going up so rapidly, the price level also depends on how large a stock of coffee a shopkeeper bought at the old price.

The retail coffee market is dominated by General Foods—makers of Maxwell House and Birds—and by Nestle. During the 1950s it was one of the fastest growing grocery sectors. In the last year some coffee drinkers have reduced their purchases in the face of price rises and volume is expected to be down for the year.

Harbour terminal contracts soon

BY OUR SHIPPING CORRESPONDENT

TRACTS ARE expected to ed shortly for building km. passenger terminal for rport to stand on 15 acres aimed land at the western Dover Harbour.

hoverport, an £8.6m. , will replace the terminal er's Eastern Docks. It is d to be fully operational d-1978, and is designed r for a predicted increase engers and car traffic in 0s.

terminal buildings being ed by British Rail Hover- have been designed on similar principles to an airport terminal. A two-storey building will be divided into two sections, each with its own Customs and immigration control points, for incoming and outgoing passengers.

There will also be a waiting lounge with duty- and tax-free shops, refreshments and a nursing mothers' room.

Dover Harbour Board's work on a £5.2m. hoverpad started in April and should be completed next summer, when the French 400-seater Sedam N500 craft will begin sea trials.

Immigrant rule cannot be ratified

THE GOVERNMENT has decided that Britain's laws prevent its ratifying an International Labour Conference convention aimed at providing a better deal for immigrants. The convention wants Governments to guarantee equality of employment prospects, social security and trade union and cultural rights, as well as freedom for lawful immigrants.

Although the Government supports most of these requirements, it says in a White Paper published yesterday that it cannot ratify the convention for four reasons.

1 Present regulations require three years' residence before a dependant of an immigrant can qualify for a mandatory award for higher education.

2 The Government has not accepted the obligation that schools instruct the children of immigrants in their "mother tongue."

3 Free choice of employment for short-term immigrants is not permitted for four years.

4 There is no automatic right in the U.K. for immigrants to be joined by their parents.

The Government says in the White Paper that it cannot agree to make all injury benefits payable abroad, even where there is no bilateral agreement, or to repay to departing migrants social security contributions that have not given rise to benefits.

The convention wants Governments to act to protect immigrant workers from exploitation and against clandestine traffic in and illegal employment of immigrants.

The Government says it cannot ratify the convention because it would mean introducing further criminal sanctions against employers, and alterations to the work permit scheme.

International Labour Conference. Command 6674. SO; £1.35.

Teaching skills 'lost'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THAN one in eight of the 20,000 newly qualified s unable to find school is year qualified in mathe- and science—subjects in there is a national short- teaching staff—according mple survey published to- the National Union of rs.

than a third of the sample people had failed to obtain e interview for a school The survey was made in ber, when only 246 had taken alternative work, mostly secretarial and clerical. Some were in shops or factories.

Mr. Doug McAvoy, deputy general secretary of the union, said: "This is a shocking waste of human resources.

"Each of these teachers has been trained at a cost to the country of over £7,000 and it is deplorable that their talents and skills should be lost to the schools at a time when there are still thousands of oversize classes."

Further £28m. EEC grant for Britain

RTHER £28.8m. in grants he European Regional De- ent Fund has been allo- o the U.K., the European unities Commission said ay. This is part of the and final allocation of for this year.

ings the total of grants U.K. since October last £94.9m.

biggest share of the goes to Northern Eng- which will get a total addi- grant of more than £11m. m. for specific industrial and £3.73m. for infra- re projects.

is Scotland, which will 06m. for specific indus- ojects and £6.39m. in re- f infrastructure projects.

Vest England will get for industrial projects 72m. for 58 infrastructure s. Wales will get £997,413 dustrial use and £1.3m. astructure. Northern Ire- share is £2.24m., all of will go to infrastructure

r regions to benefit in- Yorkshire and Humber- total of £797.671, East Midlands £205,842, and South-West England £572,901.

Cornfield drill hole sunk in energy search

A BORE HOLE over a mile deep is being sunk in a North Dorset cornfield to find out what natural resources of energy lie beneath the soil in a 100 mile radius around Blandford.

The field, at South West Farm, Winterbourne, Kingston, was chosen as the best site for finding out the oil, natural gas and geothermal prospects of Southern England, including the English Channel and the western approaches.

The exploration is being carried out by Canadian drillers for the Institute of Geological Science on behalf of the Department of Energy.

It will be the deepest bore hole they have ever drilled.

The findings will enable the Government to talk to oil companies on the basis of expert knowledge.

East Midlands airport expects £105,000 surplus

EAST MIDLANDS airport, near Derby, which expects to make a £105,000 surplus on operations costs, is to become more self-supporting.

The airport relies on contributions from Nottinghamshire, Derbyshire and Leicestershire County Councils and Nottingham City Council. With news of the expected surplus at the end of the financial year, the airport joint committee has decided to use £80,000 to reduce the level of capital contributions.

The airport expects to double the surplus next year and plans to use a further £100,000 then to reduce contributions still further.

THINK TANK REPORT ON POWER PLANT MANUFACTURING

Costly Government action needed to prevent total collapse

BY MAX WILKINSON, INDUSTRIAL STAFF

THE POWER PLANT MANUFACTURING INDUSTRY (TOTAL EMPLOYED 34,113 Mid 1976)

Boiler Makers

BABCOCK & WILCOX

	COMPANY EMPLOYEES	% OF LOCAL MANUFACTURING EMPLOYMENT	LOCAL UNEMPLOYMENT RATE %
Dumbarton	458	4.7%	10%
Renfrew	5621	13.8%	7%
London	972	0.1%	4.3%
Sites	3606		
TOTAL	10,297		

CLARKE CHAPMAN

	COMPANY EMPLOYEES	% OF LOCAL MANUFACTURING EMPLOYMENT	LOCAL UNEMPLOYMENT RATE %
Gateshead	1560	5.9%	8.9%
Trafford Park	482	0.2%	6.2%
Derby	2339	4%	5.2%
Wolverh'ton	992	1.4%	7.7%
Sites	2409		
TOTAL	7,712		

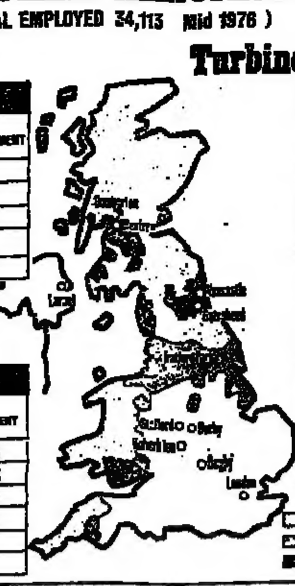
Turbine Generator Manufacturers

C.A. PARSONS

	COMPANY EMPLOYEES	% OF LOCAL MANUFACTURING EMPLOYMENT	LOCAL UNEMPLOYMENT RATE %
Newcastle	5858	14.1%	8.9%
Sites	937		
TOTAL	6,795		

GEC

	COMPANY EMPLOYEES	% OF LOCAL MANUFACTURING EMPLOYMENT	LOCAL UNEMPLOYMENT RATE %
Larne	1353	40%	9.1%
Trafford Park	2820	1.2%	6.2%
Stafford	1557	8.7%	4.2%
Rugby	2666	19.2%	6.2%
Sites	913		
TOTAL	9,309		



BRITAIN'S HEAVY power engineering industry is under threat of almost total collapse unless the Government takes urgent and expensive rescue action, a report from the Cabinet Office stated yesterday.

The report, by the Central Policy Review Staff (CPRS), claims that further inaction would probably lead to the loss of some 30,000 jobs, the destruction of the industry's high technical capability, and a net loss of foreign exchange earnings of about £350m. a year.

The redundancies would cost the taxpayer £110m. in social security and other payments in the year following the lay-offs.

The four main companies which make power station machinery, are now suffering a total absence of domestic orders and unprecedentedly stiff competition for the limited export orders available to them.

The report says it will be impossible for the industry to survive intact unless the Central Electricity Generating Board changes its present policy stopping the flow of orders until 1979 or 1980. The report finds that the Board consistently over-estimated electricity demand during the 1960s.

The review staff says the *capital cost of ordering enough* extra power stations to keep the industry going—about 2,000 MW a year—would be £900m. phased until 1985. After taking into account the savings from improved efficiency of the new stations the net extra cost of the forward ordering programme could be as much as £800m.

Theme

The companies involved are the two turbine generator makers, C. A. Parsons of Newcastle and GEC, and the two boilermakers Clarke Chapman of Gateshead and Babcock and Wilcox, whose main works is at Renfrew.

The report says only a small turbine generator capacity will be left if the industry is not helped, and Britain would probably lose its independent capacity to build boilers for nuclear stations.

A recurring theme of the report is that investment in huge generating stations, which will be pouring power into the grid 20 or more years ahead, must reflect the Government's long-term confidence in the future of the British economy.

Thus, if the economy grows at an average rate of 3 per cent. considerable extra generating capacity will be needed in the 1980s, possibly as much as 4,000 MW a year.

On this assumption the net cost of forward ordering could be as little as £70m., assuming the test discount rate (the cost of capital in real terms) to be 5 per cent. On the Treasury's current pessimistic ruling that the test discount rate should be 10 per cent., the extra cost would still only be £150m.

But if the growth of the economy fell by only half a per cent. a year to 2.5 per cent., much of the new capacity would not be needed, and the net extra cost would soar to £600m.

Optimistic

On the more optimistic assumption about the economy's future growth, the report says the extra capital cost of forward ordering could be met by a progressive increase in electricity prices of 1.5 per cent. a year from 1978 to 1984, or by charging an average flat rate increase of 3 per cent. to 4 per cent. over the six years.

After 1984, consumers would start to benefit from capital savings and electricity prices could be reduced.

But because of the uncertainty of economic forecasting, the report admits: "The risk involved in making a commitment to a steady ordering programme would be considerable."

The report makes no firm recommendations, since it recognises that final decisions must be made by the Government. The conclusions are therefore expressed as a series of interlinking options each with its own "advantages" and "disadvantages."

The general tenor of the report is quite clearly that Britain cannot allow its power industry to fall into a decline which would almost certainly prove to be irreversible within a few years.

The report says: "If this contraction of the industry were allowed to take place, the export potential of the turbine generator half of the industry would be severely impaired and the boiler manufacturing side would probably not be able to meet even home requirements for either fossil-fuelled or nuclear power stations.

"In the case of nuclear systems there would be no option but to buy from abroad.

"This study concludes that on grounds of the country's present industrial strategy, the need to sustain employment and the needs of the balance of payments, there is a strong case for maintaining in the U.K. a power plant manufacturing industry which can both supply the home market and compete successfully overseas.

"To achieve this effective action would have to be taken by both the Government and the industry. This would involve a change in the present plans for power station ordering and major changes in the structure of the industry."

'High skill'

The report adds: "It is a high skill, high value added industry which makes an important contribution to the balance of payments. It is precisely the kind of industry which the present industrial strategy (with its concentration on the improvement of the United Kingdom manufacturing base) is designed to encourage.

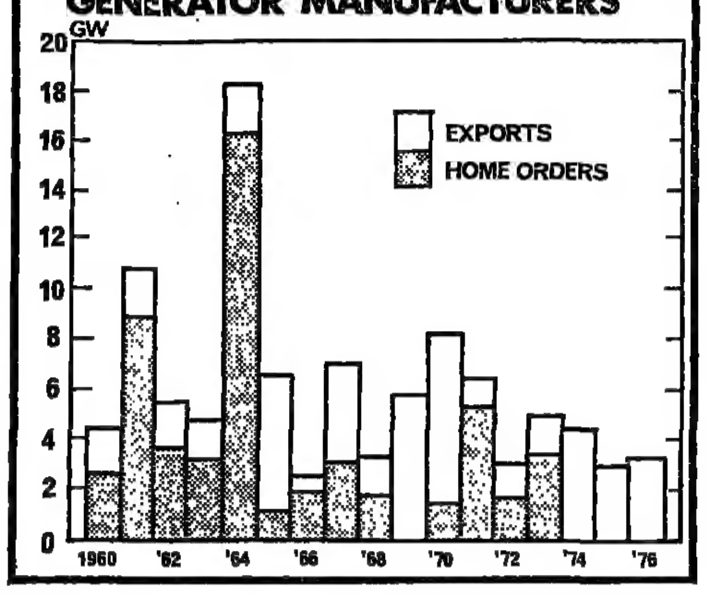
"It is essential that something is done, otherwise there is a serious danger that the industry will, over the next few years, suffer a severe contraction following the four-year gap in home ordering and weak overseas markets."

The Review Staff traces the erratic pattern of ordering from the power industry's main customer the CEGB, and observes that the essential capital investment needed cannot be made unless the companies are given a firm and steady ordering programme like that agreed in France and some other countries. The current rescue operation, it says, is a price which must be paid for uneven ordering in the past.

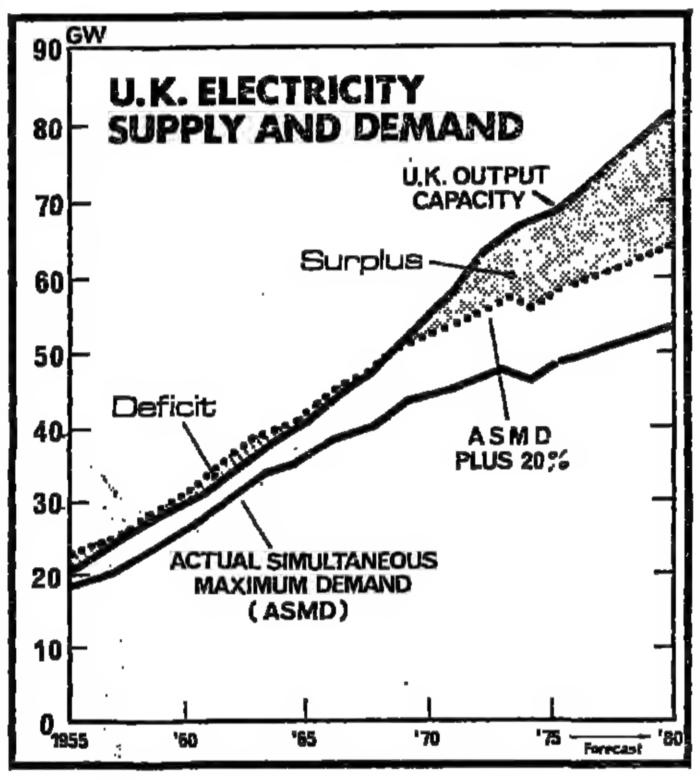
It also points out that even if a rescue operation is mounted, the U.K. industry will be small compared with all the other major competitors.

This smallness will be a progressive disadvantage as generating sets become larger and huge turnkey contracts for complete power stations, particularly the nuclear stations, become a larger part of the market.

ORDERS FOR BRITISH TURBINE-GENERATOR MANUFACTURERS



U.K. ELECTRICITY SUPPLY AND DEMAND



THE REMEDIES suggested to deal with the industry's immediate and long term difficulties fall under four main groups. All of them are seen to be complementary.

Commitment to ten-year ordering programme urged

THE CEGB should make a firm contractual commitment to a *steady ten-year ordering programme* of 2,000 MW a year. This should only be varied by about 10 per cent a year in the light of further forecasts of electricity demand. Assuming a growth of 3 per cent in Gross Domestic Product (GDP) up to 1980 and 2.5 per cent thereafter the ordering need is calculated at 2,300 MW a year.

The report comments: "Clearly the higher the level of minimum ordering, the greater is the chance of building an internationally competitive industry in the long run. But equally, on the other hand, the higher the level is set, the higher the costs involved and the greater the risks if the economy does not grow as fast as expected."

The report says the trend will continue to be for an increase in the size of sets in advanced countries, particularly as nuclear stations develop. Large sets are likely to continue to give economies of scale as well as reductions in operating manpower.

However, the CEGB's decision has left the U.K. behind France, Germany, and Japan. "All major producing countries with the exception of the U.K., have installed 1,000MW units, and have installed or ordered 1,300MW units."

The domestic installation of a large high-speed turbine is needed as a "shop window" for export orders and as an incentive to retain high quality designers in the U.K. industry.

However, in an unpublished commentary on the report, the CEGB has told the Government that it sees little prospect for the export of very large sets, because nearly all the countries with systems large enough to accommodate them in any significant number have the capacity to make the sets themselves.

The report goes on to say that the Government should make an early decision on Britain's future nuclear power station programme. The existing *Advanced Gas Cooled Reactors* (AGRs), are said to provide no immediate prospect for gaining export orders.

The proposed Steam Generating Heavy Water Reactor (SGHWR) project could not provide an exporting potential for ten years and probably not even then. Even an immediate decision to build an American designed Pressure Water Reactor (PWR) system could not provide a basis for exports for five to six years.

However, in the longer term, the report says it is essential for the U.K. to have a nuclear capability because by the year 2000, 35 to 40 per cent. of the world's power stations will be nuclear powered, and from this year half of new installations are expected to be nuclear. Boiler makers cannot, however, make any investment in the plant needed to produce reactors until the Government makes a decision.

CEGB must accept responsibility for supply industry's future

THE CENTRAL Electricity Generating Board must reform its general attitude to the supplying industry by accepting a greater long-term responsibility for fostering its development.

The report says: "Up to now the CEGB has not been prepared to recognise that it has a responsibility to its suppliers deriving from its own long-term self-interest to maintain a steady ordering pattern of such plant as will enable those suppliers to remain as far as possible fully competitive internationally.

"The CEGB points out that its statutes make no mention of any responsibility to its suppliers and that its prime purpose is to develop and maintain an efficient, co-ordinated and economical system of supply.

"It also argues that the costs of advancing orders, in so far as these were financed by increased electricity tariffs, would affect demand and thus, in turn, longer-term prospects for power station ordering.

"The CEGB has made it clear that it accepts the need to smooth orders over the short term (that is, a two-year period) even though this might involve additional short-term costs. But the Board of the CEGB have so far not been prepared to accept that if they wish to obtain from their suppliers the most efficient and reliable plant at the lowest costs, thus in the long term satisfying the requirements of their statutes, they must enter into a contractual commitment with those suppliers to undertake a long-term ordering programme, rather than continue the erratic ordering pattern which has prevailed over the last 15 years.

"However, a commitment to a long-term steady ordering programme would require the endorsement of the Electricity Council and the Government.

"Plant orders are based on long-term forecasts of electricity demand. Long-term forecasts will always be wrong. The forecasts will be wrong because the long-term trend will not be precisely as expected, but long-term trends do not change erratically and suddenly. They change gradually—so should long-term ordering patterns."

The report says the CEGB's highly complicated specifications are out of line with those made in other countries, and are considered by foreign utilities to inhibit British manufacturers from tendering.

The Review staff also considers that the Board should end its detailed supervision of manufacture and management, tell its engineers to retreat to arms length and allow manufacturers to operate themselves the control systems which have been evolved over the years.

The Board should also use its influence where possible to promote British manufacturers when it is advising foreign utilities.

Order for Drax could secure 1200 jobs

The immediate ordering of a £500m. coal-fired power station at Drax, on the Selby coalfield, which the CEGB says will not be needed until the 1980s, would secure about 1,200 jobs for 2½ years in each of the two firms likely to get the order, C. A. Parsons and Babcock and Wilcox. There would also be work for another 2,000 people in subcontracting firms.

The net extra cost would be between £46m. and £200m. depending on the assumptions made.

This order would not, however, save the industry by itself. In the absence of other measures, particularly a regular ordering programme, redundancies would merely be postponed.

Extra help should be given to exporters. The report says Britain's export credit guarantee arrangements are not much worse than those offered by competing countries, but procedures need to be streamlined, and extra guarantees should be considered to compensate for the U.K.'s high inflation.

Merger of generator interests 'urgent'

THE MERGER of the turbine generator interests of Parsons and GEC and of the boiler making parts of Clarke Chapman and Babcock and Wilcox are considered essential and urgent to provide units large enough to sustain independent competitive technologies in world markets.

Home ordering of 2,000 MW a year, in addition to exports of about 3,000 MW for turbine generators and 1,000 MW for large boilers is seen as the likely maximum for the early 1980s. This would represent a considerable decline from the orders of about 10,000 MW a year achieved by the industry in the early 1960s.

The report suggests therefore that any immediate aid to the industry should be made conditional on restructuring.

Improvements in quality, standards, delivery management techniques, and efficiency are all needed in some parts of the industry.

The capability and willingness to tender for large turnkey projects must be developed, as it has been in all the competing countries. The report says that the industry possesses the elements needed for a turnkey capability, but very large financing is needed.

If the very large sums at risk in turnkey projects are to be covered satisfactorily some new underwriting capacity will have to be created. The amounts at risk are so large that the capacity and spread of the entire London market is required.

"One possibility is that all the surety companies, insurance companies, and banks join together to provide cover in two broad areas of risk, that is, bonding liabilities together with cost over-run. This is already being explored."

"The Future of the United Kingdom Power Plant Manufacturing Industry" Report by The Central Policy Review Staff (HMSO £2.50).

BANK RETURN

—	Wednesday Dec. 15 1976	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	18,579,546	+ 1,543,159
Special Deposits	1,537,495,000	+ 31,465,000
Bankers	532,206,939	− 3,434,440
Reserves & Other A/cs	439,668,687	− 44,071,524
	2,652,803,152	− 14,497,525
ASSETS		
Govt. Securities	1,561,565,995	− 343,210,000
Advances & Other A/cs	968,649,256	+ 328,249,209
Premises, Equip't & other Secs	84,544,794	+ 6,425
Notes	17,215,962	+ 464,342
Coin	227,141	− 7,801
	2,652,803,152	− 14,497,525
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,075,000,000	+ 200,000,000
In Circulation	7,057,784,038	+ 199,535,658
In Bank'g Dept	17,215,962	+ 464,342
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	6,089,125,247	+ 147,892,779
Other Securities	974,859,653	+ 52,107,221
	7,075,000,000	+ 200,000,000

Fleet Street wage pacts causing Ministry concern

BY ALAN PIKE, LABOUR STAFF

THE DEPARTMENT of Employment has expressed its concern to national newspaper proprietors about wage agreements which allegedly breach the pay policy, and warned that this can present companies with difficulties when applying for future price increases.

Mr. Ian Hudson, the senior permanent official responsible for incomes policy, expressed the Department's concern in a letter sent earlier this month to Sir Richard Marsh, chairman of the Newspaper Publishers' Association.

Sir Richard brought the matter to the attention of the NPA council and, subsequently, to union leaders.

The Department's letter says that it is "concerned about reports of pay settlements in the national newspaper industry which, it is alleged, breach the pay policy."

This appeared to arise, says Mr. Hudson, in house (individual office) agreements of one kind or another.

The letter reminds the NPA that the Department of Employment is responsible for scrutinising pay settlements and informing the Price Commission if any exceed the pay policy.

Difficulties could arise for the association if any settlements were found to be in breach of the policy.

Department officials are apparently concerned that agreements recently concluded in some newspaper offices may not meet the requirements of the policy.

A settlement involving employees of the Sunday Telegraph was referred to in the Commons, and Mr. Harold Walker, Minister of State for Employment, stressed that the incomes policy applied as much to the newspaper industry as anyone else.

Department of Employment warnings to employers that they may be breaching the pay policy have been issued before, but rarely.

Newspaper employers appear determined to heed the warning. In a letter sent to union officials after a meeting held earlier this week to discuss the present demarcation dispute at The Sun and other problems, Sir Richard stressed that the NPA would respect the constraints of the pay policy in full and "take whatever action was necessary to ensure that it was applied without exception."

The NPA has also warned that employees who take "unconstitutional disruptive action" will in future be deemed in breach of contract.

This comes as Fleet Street prepares for a ballot of employees on support for a programme to reorganise the industry around new technology.

Fleet Street meetings of two unions, the National Graphical Association and the National Society of Operative Printers, Graphical and Media Personnel, have already given a hostile reaction to the proposals, and the NGA national council is considering whether, in view of this, to go ahead with the ballot of its members.

ACAS move to end bank union rivalry

BY DAVID CHURCHILL, LABOUR STAFF

A MAJOR attempt to end the intense inter-union rivalry in the English clearing banks is to be launched shortly by the Advisory, Conciliation and Arbitration Service, after yesterday's decision by the Certification Officer to grant a certificate of independence to the Barclays Bank Staff Association.

ACAS is expected initially to hold fresh talks between the National Union of Bank Employees and the staff associations in Lloyds, Barclays, and National Westminster in an effort to create one banking organisation for employees instead of the present divided representation.

If these talks fail, as they have done in the past, ACAS seems likely to hold a general inquiry into industrial relations in the banks under Section Five of the Employment Protection Act.

This gives ACAS the power to investigate any aspect of industrial relations within a company or organisation, then to issue a report and recommendations.

Agreement

NUBE had originally asked for such an inquiry but had been told by Mr. Jim Mortimer, ACAS chairman, that the certification of the staff associations first had to be resolved.

Now that Barclays Staff Association has been given a certificate, joining those of Lloyds and National Westminster, ACAS has agreed to try conciliation before starting an inquiry.

Midland Bank staff representation will not be included in the ACAS talks as NUBE and the Association of Scientific, Technical and Managerial Staffs, which previously merged with the bank's staff association, have recently come to a separate agreement over limiting their competition for members.

NUBE hopes that the new factor of ACAS involvement in the warfare between itself and the staff associations — which has lasted for several years—will end the present stalemate.

After the moves to create one banking organisation under a federal structure broke down at the beginning of the year, over the status and power of each body, NUBE has been rebuffed by the staff associations in separate merger talks.

This led NUBE to give notice of its intention to withdraw from the Banking Staff Council, the joint negotiating body, and seek separate recognition. But the union is unlikely to carry out this threat while the ACAS attempt at conciliation takes place.

● A petition signed by more than 28,000 staff in the Barclays group protesting at the Bank's decision to "claw back" part of pension payments to staff was presented to senior Barclays officials by Mr. Leif Mills, NUBE general secretary, yesterday.

Warning to Rubery Owen strikers

By Our Labour Correspondent

A FRESH warning that the strike-hit Rubery Owen car component plant at Darlaston, Staffs., will be closed for good unless normal production resumes soon, came from Mr. John Owen, managing director, yesterday.

Sixty maintenance electricians have been sitting in and refusing to work for the past nine days in support of demands for payment for the time they were laid-off during a recent three-week strike of maintenance engineers.

Production is continuing but being affected, as plant falls in need of repair. Last night, Mr. Owen stressed: "We can only continue for a limited period."

The strikers must be aware that the company could not meet their claims, he said, adding that the rest of the plant's 2,750 workers would demand the same treatment.

Mr. Owen was supported by Mr. Fred Griffiths, divisional organiser of the Amalgamated Union of Engineering Workers, who said: "There is a strong possibility the place will close unless the strike ends."

Management issued similar warnings last month when the engineers' strike halted output of axles and petrol tanks, hitting car production across a large sector of the motor industry, and making 9,000 workers idle.

● Nightshift workers at British Leyland's Common Lane, Birmingham, Sherpa van factory resumed last night, after a week-long strike by 1,200 press shop employees was settled.

Post Office pension fund invests overseas

BY ERIC SHORT

THE POST Office Staff Superannuation Fund holds 10 per cent. of its quoted investments overseas and recently has been active in property investment outside the U.K., according to the annual report and accounts published yesterday for the year to March 31.

It was stated that the policy of the trustees was to invest about 15 per cent. of the equity portfolio overseas but, in view of exchange control and other inhibitions, it was rarely possible to achieve this target.

The report says that the fund grew by more than £250m. during the period to £890m. Quoted market value investments total £544m. of which £486m. is in the U.K., £41m. in North America and £11m. in the Far East. The fund invested £235m. in quoted investments with the emphasis on industrial companies and £51m. in property including the acquisition of an office block in Victoria, British Columbia, and an industrial park in West Chicago. During the year the fund became the sole owner of Fiparim, whose sole asset is a building in Paris.

The actuarial valuation of the fund for the three years to March 31, 1976, is in preparation. At the previous valuation a deficit of £1.09bn. was shown in respect of former service benefits in the period before 1969, when the Post Office was part of the Civil Service. This deficit is being paid off over 20 years and the Post Office paid £132m. in the period under review to reduce the deficit.

Four trustees are appointed by the Post Office and four by the Council of Post Office Unions under an independent chairman, Mr. A. Wolstencroft. The union nominees include Mr. Ken Thomas, general secretary of the Civil and Public Services Association.

'Anger and frustration' in police

By Our Labour Staff

A WARNING about "anger and frustration" sweeping the police forces over pay and conditions was made yesterday by leaders of the 120,000 policemen and women.

Mr. James Jardine, chairman of the Police Federation, which was leading a lobby of MPs at Westminster, said that the Government would have to act quickly if it was to prevent demands for more militant action.

Already the federation will face demands at its annual conference next May for seeking the right to strike as well as affiliation to the TUC.

Police lobbying MPs told them that they regarded it as unfair that they could not have a £6 rise under the First Stage, but had to settle instead for the £4 maximum under Stage Two of the policy.

"This is particularly worrying at doubt that many police are angry and frustrated by the present situation," said Mr. Jardine. "8his is particularly worrying at a time when the scale and violence of crime is deeply disturbing to the public and could, if not checked, pose a threat to our very society."

Airline says strike will not hit flights

BRITISH AIRWAYS said yesterday that a strike by the airlines' engineers would have no effect on services.

The engineers, members of the Amalgamated Union of Engineering Workers, decided to strike following a meeting on Wednesday about the right of the union to negotiate over local panel machinery.

An airline spokesman said the dispute could be resolved soon and that, with luck, there would be no interruption to passengers.

"Passengers shouldn't worry—they should check-in as normal. All our aircraft are in good condition after overnight services."

The men were starting their strike in phases, and only overseas division workers were on strike yesterday. European division staff were expected to walk out to-day.

'End Health Service charges'

BY OUR LABOUR STAFF

MR. JACK Jones, general secretary of the Transport and General Workers' Union, yesterday launched a strongly worded appeal for all National Health charges to be withdrawn.

In evidence to the Royal Commission on the National Health Service, Mr. Jones said his union was "totally opposed in principle to any form of direct charges for health care in the NHS." The union believed the present system of charges should be scrapped, especially for dental and optical services.

At present charges in the NHS do not come directly to the service, the union said. Any increase would not directly help NHS finances "unless the whole basis of the U.K.'s taxation system were to be changed."

There was no alternative but that the NHS should continue to be financed from general taxation and be available free to all.

"Even at a time of national economic crisis we cannot afford to lose sight of the need to ensure the maintenance and improvement of the NHS as one of the mainstays of our welfare state," Mr. Jones said.

The union made it clear in its evidence that workers in the NHS, which is Britain's largest employer, should be given a say in the running of the service.

"We believe this must be done by the independent, recognised unions involved electing representatives to sit on the authorities either as present constituted or under a new two-tier structure."

This new structure, also advocated by the union in its evidence, would ensure more accountability, less bureaucracy, and a decentralisation of decision-making.

The Transport and General Workers Union proposed that a single authority should take on the functions and powers on the existing regional and area authorities. The present district authorities should be retained.

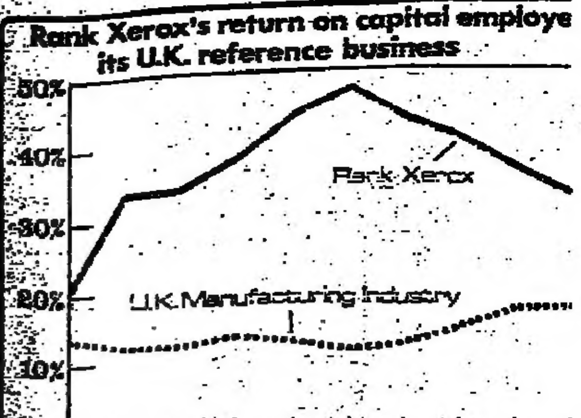
Although the Health and Safety Commission was not specifically part of the NHS, the union considered the full implementation of safety legislation should be recommended as a preventive measure.

"We strongly regret the Government's decision to postpone the regulations on safety representatives, especially as the cost of implementation will not be excessive, in view of the great savings that can be made in reducing the huge toll of industrial accidents and fatalities."

MONOPOLIES COMMISSION REPORT ON RANK XEROX

Qualified victory for company: no major action urged

BY MAX WILKINSON, INDUSTRIAL STAFF



THE MONOPOLIES Commission recommended yesterday that no major action be taken against Rank Xerox except to ask the company to modify its pricing for large users.

The result is a qualified victory for the company, which has stated strongly that the terms of reference of the indirect electrostatic copying industry to the commisison in 1973 were misconceived.

The company said that though it clearly had a monopoly over the process which its parent company Xerox of America invented and patented, it was competing against many other copying processes, including stencil and coated paper copiers.

In general, the Monopolies Commission has accepted this contention. Its report says: "In so far as alternative processes are used over almost the whole range of copy volumes for which indirect electrostatic machines are used (as Rank Xerox has demonstrated) we accept that it is not possible to identify the various processes with their own distinct and exclusive submarkets."

Market power

The Commission finds that the plain paper copiers have a significant advantage for users needing to make between 5,000 and 50,000 copies a month. Although there is considerable overlap, in this part of the market Rank Xerox, as the dominant supplier, exercises a "marked degree of market power."

But the Commission makes special mention of the company's excellent export record and its general efficiency.

"Rank Xerox has been well managed, and the group's technological achievements have been valuable. The group's record of innovation and the fact that it has established a new industry in the United Kingdom may be regarded as factors which are positively in the public interest. Rank Xerox told us that research and development work on ideas originating in the United Kingdom would normally be carried on here. We consider this appropriate.

"The substantial contribution to the United Kingdom balance of payments which the company has made and continues to make through exports is a further factor which is positively in the public interest."

High profits

The Commission finds, therefore, that Xerox did technically have a monopoly over the process referred for investigation. The company was responsible for 93 per cent of the copies made and 89 per cent of machines. But this monopoly "did not operate against the public interest." In view of increasing competition it is not expected to do so in future.

Rank Xerox's profits were much higher than those for most other industries. They reached 48 per cent of turnover in 1970, declined to 27 per cent, in 1975 and averaged 36 per cent. in the past 10 years.

The report says: "The mere fact that the company's profit rates have been, and still are, substantially higher than the average for manufacturing industry does not necessarily mean that they are to be regarded as excessive or against the public interest. It is necessary, in considering Rank Xerox's profits, to take account of the circumstances in which these profits have been earned.

"At the time when Rank Xerox began to market plain paper copiers in this country the Xerox group had already undertaken a great deal of costly research and development which had been by no means assured of success; and even when a commercially marketable machine had been developed there was no certainty that it would be commercially and technically successful. In its early days the production and marketing of plain paper copiers must therefore be regarded as having been a high risk industry. On this account alone relatively high profits could be justified for a period to allow adequate reward for the risks accepted.

Now that the company is established the Commission expects the risks to be smaller, though it recognises that there are still substantial development costs. Increasing competition is likely to put more pressure on the company's future profitability, it adds.

"For these reasons we consider that no specific action is called for to reduce or regulate Rank Xerox's profits."

The company is criticised, however, for its policies in three areas, which the Commission judges were introduced as a result of its monopoly position and operated against the public interest.

These criticisms relate to:

Patents: The company has taken out or applied for 2,250 patents, of which 1,000 related to indirect electrostatic copiers. The rate at which the company had taken out additional patents had increased over the years.

Although a high proportion of these patents were not used, the Commission said the company had in the past been reluctant to licence other companies, and the patents formed an immensely complicated web of obstruction to anyone trying to break into the same field.

"We are satisfied that the group's patent portfolio has impeded and delayed the emergence and establishment of competing suppliers of plain paper copiers in this country.

"Competitors or potential competitors have been faced with a very substantial patent barrier and although this barrier has not been insurmountable it has compelled competitors to expend substantial time, effort and money both on ascertaining the scope of the group's patents and on developing alternative, and sometimes inferior, processes in order to avoid infringement.

"In this context the reluctance of Rank Xerox to ascertain even the number of the group's patents relating to the indirect system and its inability readily to identify which patents were used in particular machines are, in our view, indications of the difficulties faced by competitors."

The report says this patenting policy has operated against the public interest. But in view of the Consent Order agreed last year between Xerox of America and the U.S. Federal Trade Commission under which Xerox will be obliged to licence competitors, the Monopolies Commission proposes no further action in the U.K.

"Under the Consent Order a licensee in the United States can require Xerox to provide know-how, but Xerox is not obliged to provide know-how to manufacturers outside the United States. We cannot predict what the effect of this limited provision concerning know-how will be on the manufacture and supply of plain paper copiers in the United Kingdom. This matter will have to be watched as the new state of affairs unfolds."

Renting policy: Until this year Rank Xerox did not allow customers to buy machines, which were all rented. The commission found that "a substantial proportion" of users, including large companies preferred renting to buying machines. Their reasons were high capital cost and the risk inherent in buying machines developed from a rapidly changing technology.

On the other hand: "The rental-only policy was open to the objections that it restricted consumer choice by not offering a sale option and by preventing the development of alternative leasing arrangements by leasing companies."

It concludes that
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New policy

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* "*Indirect Electro*
prographic Equipmen
polies and Mergers C
(HMSO, £3.10).

Indirect electrostatic reprographic machines sold in the U.K. by Rank Xerox's rivals (Oct. 1975)

Supplier	Model	Date of introduction in the U.K.	Type	Speed: copies per minute A4	First copy out time: seconds
AGFA-GEVAERT	X10	1972	Desk-top	10	10
	X20	1975	Console	20	6
GESTETNER	FB 12	1971	Desk-top	12	9
IBM	Copier I	1970	Console	10	15
	Copier II	1972	Console	25	6
IMPERIAL	900 Bond	1975	Desk-top	15	8
KALLE	Infotec 1000	1973	Console	15	8
LION	Toshibafax BD702	1974	Desk-top	10	10
MC REPROGRAPHICS	U-Bix MkI	1973	Console	12	14
	U-Bix Mk2	1974	Console	10	15
	U-Bix Mk4	1974	Console	20	7
3M	235 VHS	1973	Console	18	3.5
	238 VHSR	1974	Console	18	3.5
NASHUA	Delta I	1973	Console	15	9
OLYMPIA	Omega 1000	1973	Desk-top	10	8
OYEZ REPROGRAPHICS	2000	1975	Desk-top	15	8
RONEO VICKERS	Saxon PPCI	1974	Desk-top	30	12
THORN	NP 70	1973	Console	15	7
	NP 1100	1973	Console	12	7

RANK XEROX INDIRECT ELECTROSTATIC REPROGRAPHIC MACHINES

Model	Date of introduction in U.K.	Type	Speed Copies per minute	First copy out time
914/420/422	1961	Console	7	25 secs.
720	1967	Console	15	17 secs.
1000	1973	Console	15	17 secs.
813	1964	Desk-top	5½	25 secs.
660	1968	Desk-top	9	16 secs.
3600	1967	Console	60	7 secs.
7000	1971	Console	60	8 secs.
4000	1972	Console	45	6 secs.
4500	1975	Console	45	7 secs.
3100	1974	Console	20	8 secs.
9200	1975	Console	120	8 secs.

Note: This table excludes Special Systems Products.

APPOINTMENTS

G. Darby to head Cadbury Schweppes' drinks gro

Mr. Geoffrey Darby has been appointed head of the drinks group of Cadbury Schweppes and will take up that position in February. He is food co-ordinator of the European division of Coca-Cola and was previously managing director of Beecham Foods. Mr. Darby will succeed Mr. John Beasley, who is joining an American company.

★

ROBERT FLEMING AND CO states that it is arranging to enter the professional market in investment currencies early in the New Year. Mr. John Galvanoni, at present a vice-president with Kidder Peabody, will shortly be joining Robert Fleming as manager of the new department.

★

Mr. W. G. Jewers has been appointed to the full-time post of member for finance of the BRITISH GAS CORPORATION for five years. He succeeds Mr. J. H. Smith who has become deputy chairman of the Corporation. Mr. Frank Barker is to be chairman of the North Eastern Region from January 1, succeeding Mr. Colin Smettem, who retires at the end of this year.

★

Mr. H. L. I. Runciman will become managing director on January 1 of a new company being formed by TARMAC ROADSTONE HOLDINGS to consolidate its overseas activities, and will relinquish the managing directorship of Kings and Co., Tarmac's Glasgow-based subsidiary. Succeeding Mr. Runciman at Kings will be Mr. Mark Pharaoh, at present regional director of Tarmac Roadstone's North East and Cumbria region. Other appointments are Mr. Alec Kirk, at present a director and general manager, Kings and Co., to succeed Mr. Pharaoh as regional director of Tarmac Roadstone's North East and Cumbria region; Mr. Charles Norotny, general manager, Tarmac Readycrete (North West region), to regional director, Tarmac Roadstone's North West region; and Mr. George Brantingham, at present Tarmac Roadstone's Eastern region general manager (surfacing), to regional director, Western region.

★

Mr. John Dixey has been appointed employment affairs adviser to the INSTITUTE OF PRACTITIONERS IN ADVERTISING on a full-time basis from January 10. Until now, Mr. Dixey has been director of the Newspaper Publishers Association. He was previously special adviser to the managing director of the Thomson Organisation and, before that, an executive director of Times Newspapers.

★

Mr. N. D. Brown, a manager of Baring Brothers and Co., has been appointed a director of INVESTORS CAPITAL TRUST.

★

ROYAL WORCESTER SPODE has announced the following senior executive appointments from January 1. Managing director: Mr. J. P. Collis; deputy managing director: Mr. P. Thompson, also as commercial director responsible for marketing and for corporate strategy and planning; art director: Mr. H. Holdway, responsible for all design studios; divisional director, Barthmann: Mr. H. J. Vom Endt, responsible for all operations of Barthmann Cristall GmbH; divisional director, Stoke: Mr. C. J. Bullock, responsible for manufacturing operations and site developments at the Stoke and Longton factories; divisional director, Worcester: Mr. R. T. George, responsible for manufacturing operations and site developments at Worcester; personnel director: Mr. R. S. Weightman, responsible for personnel and training. The above executives, together with the financial director to be appointed, will constitute the management Board of Royal Worcester Spode. Other senior appointments announced are: president — Royal Worcester Spode Inc. (U.S.A.) Mr. H. R. Robinson; president—Royal Worcester Spode (Canada) Mr. D. Hurst.

★

Mr. Peter Capel has joined the Board of JCB EARTHMOVERS as a non-executive director. Mr. Capel was until recently a director of Thomson Publications, where he was head of trade and technical publication for the U.K. and Europe.

★

Dr. Trevor M. Jones has joined the WELLCOME FOUNDATION as head of technical development. Dr. Jones was previously with the Boots Company as head of their pharmaceutical development laboratories.

★

Mr. George H. Haynes has been appointed marketing director of TI TRANSPORT EQUIPMENT, to control the three transport service equipment manufacturing companies, Crypton Triangle, Joseph Bradbury and Sons and V. L. Churchill and Co., together with Transervice, the service and training organisation which covers the needs of all three. Mr. Haynes was previously chief executive of Fram (Europe).

★

Mr. A. W. Goodliffe, technical director, Flight Refuelling, and Mr. E. H. Thomas, a director of Flight Refuelling and managing director of Alan Cobham Engineering, have been appointed directors of FLIGHT REFUELLING (HOLDINGS). Mr. T. C. Marks, commercial director of Flight Refuelling, has been appointed to the Board of Alan Cobham Engineering.

★

Mr. Rodney K. Lambert, presently a partner with Cutler and Co., will be joining the partnership of ROY JAMES AND CO. from January 17.

★

Mr. R. A. F. Ostime has been appointed a director of both UNITED STANDARD INSURANCE CO. and Vigilant Assurance Co.

★

COUNTY PROPERTIES. Mr. David J. Kirkham has joined the Board as group financial director and secretary.

★

Mr. Christopher G. Clarke has been appointed to the Board of HENDERSON ADMINISTRATION.

★

SPILLERS FARM FEEDS has promoted Mr. D. W. J. Buckley to the new post of national products marketing manager. His marketing team will include Mr. John Cook, as national poultry products manager; Mr. William Reid V.C., national cattle products manager; Mr. R. Major, national pig products manager; and Mr. J. L. Rishworth, national horse products manager. Mr. Cook, Mr. Major and Mr. Reid were formerly national advisers with the company. Mr. J. T. Hay as marketing co-ordinator, will be assistant to Mr. Buckley.

★

Mr. John Mason, formerly commercial director of the HEAD WRIGHTSON MACHINE COMPANY, has been appointed financial director. Mr. C. W. Newton has become sales director (Manchester) of Wrightstock, the steel stockholding subsidiary. He retains his position of manager for the Manchester office of Bramall and Wax, an associate company. Mr. G. P. Hunt has been made director and group accountant of Wrightstock.

★

Mr. Joseph McGilnn, a director and chief executive of ALLIED IRISH BANKS, has been appointed to the new post of group managing director from January 1. Mr. James E. Fitzpatrick will then become chief executive. The following six members of local Boards have been co-opted to the main Board: Mr. J. B. Carr, Mr. J. J. Fitzpatrick, Mr. C. A. Kelly, Mr. J. B. McGuckian, Mr. D. J. Murphy and Mr. M. J. O'Keeffe.

★

Mr. Wynford Evans has been appointed deputy chairman of the LONDON ELECTRICITY BOARD for five years from January 1. Mr. Evans, computer and management services manager of the South Wales Electricity Board, will succeed Mr. Alan Plumpton, who is now chairman of the LEB.

★

Mr. Selwyn Dovey has been appointed managing director of the overseas division of RONEO VICKERS. He was formerly the division's general manager.

★

Mr. George Reptowski has been appointed a director of the COMMERCIAL METAL COMPANY.

★

Mr. George Latta has been appointed financial director of RACAL (SLOUGH). He was previously with Thomas De La Rue.

★

Mr. Robin Woolf has been appointed a director of WARD LOCK, a member of the Pentos Group, with special responsibility for the Edmonton distribution centre.

★

Mr. Terry Edmeston and Mr. Geoffrey Gubbay have joined the Board of STANDEX INTERNATIONAL and continue in their present executive positions.

★

Mr. M. H. McAlpine, a director of Sir Robert McAlpine and Sons, has been appointed a director of the Royal, the Liverpool and London and Globe and the London and Lancashire insurance companies from January 1. Mr. K. St. Johnston, who is leaving this country to join a company based overseas, is resigning from the Boards of the three companies at the end of this year.

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صورة عن الأصل

BY RAY DAFTER

A realistic view of the Celtic promise

[...]F drilling activity in the [...]ea appears, yet again, [...] disappointed the off[...]l industry. At a time in [...]volution debate when [...] pride is running high, [...]ed interest that oil com[...]re showing in this par[...]area of the Continental [...]ust make the Welsh [...]at crestfallen.

[...] were rekindled this [...] when exploration in the [...]ea resumed after an 18 [...] hiatus. That first drill[...]gramme set West Wales [...]preparing itself for its [...] bonanza; after all, it [...] what had happened in [...]th Sea. The drilling was [...]ssful, however.

[...] widely hoped that this [...]activity would shed a [...] light on the Celtic Sea. [...] the drilling has merely [...]o confirm the industry's [...]m about commercial [...]pects.

[...], the result of only one [...] has been made public. [...]as operator for a group [...]g the Gas Corporation [...]oil, has confirmed that [...]ration venture on block [...] completed in July, [...] in a dry hole.

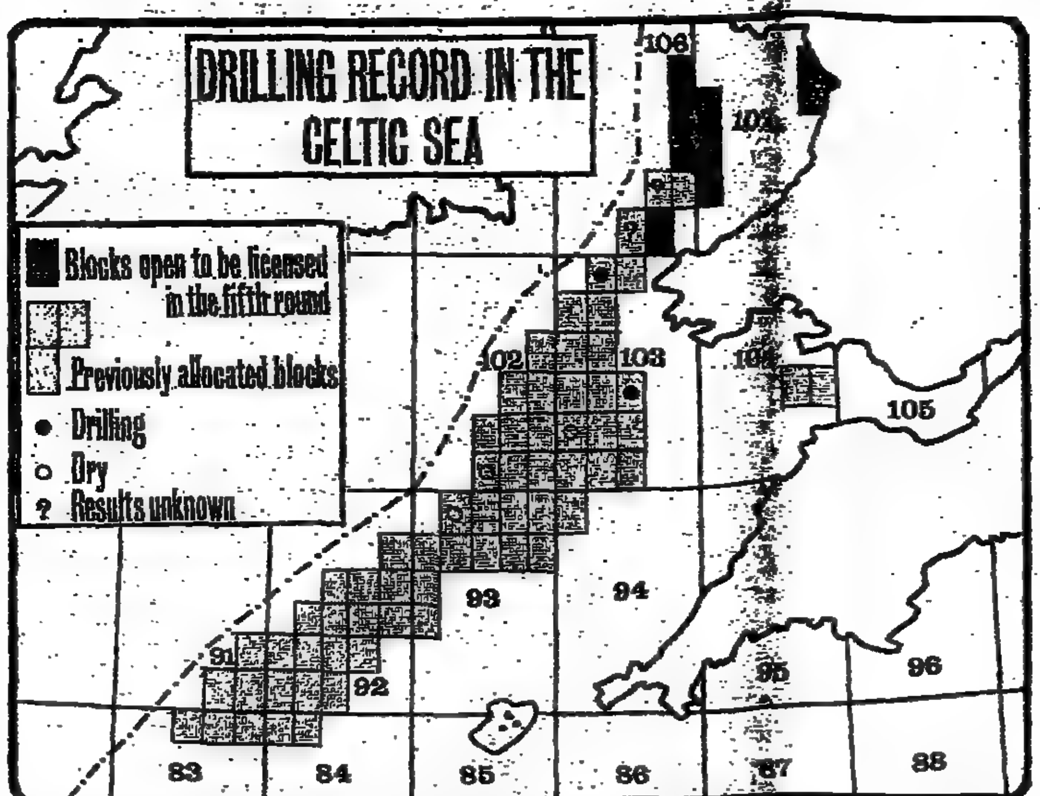
[...]ious mystery surrounds [...]well in which the Gas [...]ion was again involved. [...]ocarbons subsidiary was [...] of a group, including [...], which drilled on block [...] in the Cardigan Bay [...]ritish Gas is refusing to [...]formation about the [...]which ended last month. [...]cy may have something [...]ith fifth round licence [...]s—the Corporation has applied for new acreage in the Celtic Sea. On the other hand, the reasons may be political. If, as reliable reports suggest, *that hole was also dry*, the growing list of drilling disappointments can hardly be used as a positive public relations point by either national or local politicians.

That leaves two wells in the current programme that remain to be completed. Shell has nearly finished drilling on block 103/18 where the semi-submersible rig Sedco 707 is being used. Industry reports suggest this well will also prove to be disappointing.

Nearby, Texaco and Hydrocarbons are drilling on block 103/2. The group, in which Texaco is the operator, is using the rig Drillmaster for the exercise, some 30 miles off the entrance to Milford Haven. There is no indication, at this stage, whether Texaco will find that elusive oil reservoir which could inject new confidence into the area.

Last month Mr. Henry George, the Department of Energy's director of engineering, told representatives of *Dyfed County Council*: "Just one successful well would be sufficient to stimulate the industry to look with new interest at the area." The first four Celtic Sea wells, he said, showed some of the factors necessary for a discovery of petroleum. He was "not pessimistic" that all the factors would be found in the right combination. "If we consistently found there was no source rock or that there was no reservoir rock, then I would be pessimistic. But, in one well or another most factors have been encountered."

The fact remains, however, that all the Celtic Sea wells completed so far have been dry. These include the early tests by Shell (102/28) and British Petroleum (93/2). In 1974 Atlantic Richfield suspended a well on block 106/24. Unspecified "valuable geological information" was gained by that operation and it is possible that the group could return for further drilling on the block next year.



Whether many companies will return to the Celtic Sea in 1977 and subsequent years is a moot point. There is a strong indication that a number of major operators are losing interest in the area; it is quite likely that a substantial proportion of the licences will be relinquished over the next few years.

BP, for one, is showing only luke-warm interest in the Celtic Sea. Mr. Peter Walmsley, the company's exploration manager, said recently in Aberdeen: "We are waiting to see what happens on the two wells being drilled by other companies before we commit ourselves to any further activities."

In recent months the Department of Energy has gone out of its way to present a realistic picture of the Celtic Sea's prospects. Under current licences the Department forecasts that a total of 10 or 12 wells might be drilled in the area, including the seven completed or in progress.

This number could rise if (a) there is a "breakthrough" oil find or (b) there is a positive response to new fifth round licences. On the latter point, there are some promising signs. Apparently seven of the nine blocks offered in Cardigan Bay have attracted applications (the two ignored lie against the coastline). Contrary to some industry speculation British Gas will not be carrying the Celtic Sea banner on its own. Other companies have also applied for a share of the new licences; Amoco could well be among them. It is reported in Wales that Amoco is likely to drill a new Celtic Sea well next year, anyway.

So why the continuing interest? First, it is too early to write-off the Celtic Sea. It should be remembered that about 50 wells were drilled in the Norwegian sector before a *major field (Ekofisk) was discovered*. Secondly, the area is enticingly close to a major oil-handling area. Milford Haven is Britain's biggest oil port; no less than five refineries have been built in South Wales. Thirdly, Welsh authorities and industries have demonstrated their eagerness to become involved in Britain's offshore venture. Fourthly, and perhaps most important, the main sedimentary basins (Celtic Sea, St. George's Channel and Cardigan Bay) contain some reasonably interesting structures, although nothing on the scale of those in the northern North Sea.

Mr. Basil Butler, BP Petroleum Development's manager of Sullom Voe terminal projects, gave his impressions about the geological prospects at the Offshore Wales Conference in May. "The reason for the lack of optimism regarding oil prospects in the Celtic Sea is the disposition of the few adequate reservoir rocks relative to the structures," he said.

"There were large dome-shaped structures—the classic shape of so many oil fields—but in most of them the permeable reservoir rocks that must be present for commercial oil or gas fields were lacking in the top of the structures. In some cases the rocks were *arranged* in such a way that any oil or gas which might be trapped could not be sealed in.

"It is fairly obvious that this state *exists over most of the* main structures in the basins and leads to the pessimism regarding the possible existence of many commercial oil fields. There are some exceptions and it is these that lead to the hope that some commercial fields may be found."

Mr. Butler *concluded that the* geological picture now emerging was one of few good closed structures, of limited source rocks from which the oil was derived, and *of reservoir rocks* within which the oil could accumulate appearing only in certain areas. "It is not an encouraging picture, but not completely without hope."

It is the statements like this, both from the offshore industry and from the *Department of Energy*, that is creating a more realistic view of the Celtic Sea's promise. Past political statements both national and local have nurtured expectations which could not be justified by the scant geological information. To some extent injudicious oil industry statements added fuel to the enthusiasm.

At times the public was led to believe that the hiatus in drilling activity was caused by the lack of spare rigs. And yet, in 1975, many rigs were being laid up. The real reason for the *cautious approach to the* Celtic Sea was that oil companies felt there were more attractive areas to spend risk capital.

If not convinced that there is to be a swift inrease in offshore activity, Welsh industrialists envisage a lengthened *period of steady exploration*. The fifth round licences provide the key.

More than 60 supply and service companies in West Wales are now involved in offshore work. Their presence is welcomed not only by Celtic Sea offshore operators but also those oil groups about to start exploring off South West England. For the first time the fifth round of licences takes in these Western Approaches *blocks: this area is likely to* become even more attractive once boundary disputes between the U.K., Ireland and France have been settled next year.

Mr. Frank Grout, the Dyfed Industrial Development Office, retains confidence in the Welsh offshore industry's prospects: all of the Celtic Sea and Western Approaches blocks could come within the accepted servicing radius of Dyfed, he said. "With an oilman's shop*ping centre already established* on the Milford Haven waterway, a centre of gravity has been created."

The Property Market

BY QUENTIN GUIRDHAM

What the agents think of the year's yield trends

"It is nowadays possible to argue that the production of reports on the property market is of itself a growth business," say Savills, contributing their own two-pennorth with a review of the year's activities. If the reporting trend is growing, it may be no bad thing in a business where, with the pressure of day-to-day dealings, the professionals don't often find time to sit back and analyse what is actually happening.

The point Savills is making, however, is that with instant wisdom served up each time short-term economic factors change, there is a tendency for long-term decisions to be changed as well, particularly in the investment market. "We detect signs that every movement of the Minimum Lending Rate is beginning to have an effect on prices paid for investment properties, and hence the value of all commercial property, whether or not it is for sale. The dangers inherent in this are obvious, and we cannot believe it is a healthy trend."

This is a point raised obliquely in several of the agents' reviews of 1976 so far published. St. Quintin Son and Stanley, for instance, have quantified some of the value changes, ignoring any material changes in rent levels, and taking a trend in yields generally a shade lower than reported by other agents.

In January of this year, they put prime yields at 5.75 to 6 per cent. for offices and shops, with industrial/warehouse property at 8.5 per cent. By September on a gently downward trend, they had central London offices still at 5.75 to 6 per cent., suburban and provincial offices at 5.5 to 5.75 per cent., and the net yield for the industrial/warehouse sector at 7.75 per cent.

Post the MLR rises, St. Quintin's saw an adjustment to 6.5 per cent. for prime offices and shops and to 8.5 per cent. for industrials. "The 'switchback' effect of these changes may be noted from the fact that they represent rises in capital value for prime property in all three categories of 9-10 per cent. in the nine months January-September, whereas the change in October not only cancelled this out but resulted in a decline in value of prime shops and offices since the beginning of the year of some 8 per cent. (industrial / warehouse property breaking even)." They think prime yields have subsequently declined by about a quarter of a point in line with MLR.

So should the value of an investment really be susceptible to an overnight change of an eighth or more in response to an interest rate policy which must be seen as a short-term factor (we may learn more on this to-day) against the life of a property investment?

That is a question to tax the valuers who will be so busy next year. For this year, the consensus among agents is that the biggest shift is in the yield gap between industrial and commercial investments. St. Quintin's thinks a diminution in the 2 per cent. gap may occur, pointing out that this is more in line with the practice in other countries, that the present economic climate may slow down rental growth for offices and shops, and that early obsolescence, previously thought of as an affliction of industrial/warehouse property, can now be identified also in the office buildings of the early 1960s.

Chamberlain and Willows, not a firm to jump on bandwagons, says: "There is little doubt that we have witnessed a significant swing towards industrial property for investment and the time-honoured yield gap between offices and industrials has narrowed."

Scarcity

They point out, however, that during the year many fund managers were demanding and obtaining yields of up to 10 per cent. While they do not see MLR as having had a significant effect on industrial investments, they emphasise that really prime investments are scarce and that secondaries are still very hard to sell at figures ranging from 12 to 15 per cent.

Other points from the Chamberlain and Willows report are that letting inquiries, unlike the investment market, do appear to have been significantly influenced by interest rate rises, though their overall figure for 1976 is still 14 per cent. up on last year.

They do not consider that "replacement" IDC policy changes have gone far enough because "they are mainly limited to industrial buildings erected before 1918 and many factories of post-war vintage are now obsolete and need to be replaced. The acceptability of new buildings to be erected will be assessed by reference to the area of the site not the floor area of the old buildings, which may be multi-storey. Also no company or group of companies may occupy more than 40,000 square feet of industrial floor space in any one scheme."

One interesting forecast from this agent is that in 1977 speculative buyers, anticipating a shortage of office space, will emerge for well built and located factories and warehouses suitable for cheap conversion to offices. "Where present day rents for industrial use on one hand and office use on the other are not too widely apart there could be a case for bearing the marginal tax, letting for five years at a discounted level with a substantial reversion to a rent which will then be a multiple of to-day's figures thanks to the then subsisting shortage."

Another yield trend, in what most agents admit is an uncertain outlook, is the growing popularity of agricultural investments. Strutt & Parker say the rate on leasebacks has come down from 4½ to 4 per cent. in the past six months and Savills agree that from 5 per cent. this time last year the rate has dropped by between half a point and a point. The two are also in harmony in a low figure of 2½ per cent. for traditional let estates where there are prospects of early and substantial rent reviews.

Finally, here are some other items from various reviews:

Rent reviews: "Regrettably, with so many arbitrations taking place, market conditions are being considerably influenced by the judgment of professional men and not as is desirable, by actual transactions entered into by businessmen. We must hope these arbitrators are appointed for their independent judgment ... than on academic attainment." (Chamberlain and Willows.)

City of London offices: "It is now evident that virtually all the interest in major acquisitions is from overseas companies and virtually none from those indigenous to Britain." (St. Quintin's.)

Office rentals: "We have seen this year the reversal of the three tier rental pattern as now the highest rent levels are achieved for rent review negotiations, the middle range for lease renewals and the lowest for open market transactions. In our experience, terms being agreed for current rent reviews are at a level that cannot be justified on to-day's open market mainly because this reflects past performance, when on a falling market, the landlords can produce evidence at a higher plane." (Gross Fine and Krieger Chalfen.)

MEPC revalues

Following the revaluation of MEPC's investment property portfolio by Knight Frank and Rutley and Jones Lang Wootton —before the leap in MLR—the resulting assessment looks neat enough, coming as it does within £4.4m. of the £45m. provision made last year. Group investment and development properties total £651.7m.

But although last year's provision looks more or less on the ball, the fact is that on the asset side of the balance sheet the drop in sterling has had as dramatic effect as it has on foreign currency borrowings on the other. Without currency gains of £59m., the provisions would have been inadequate.

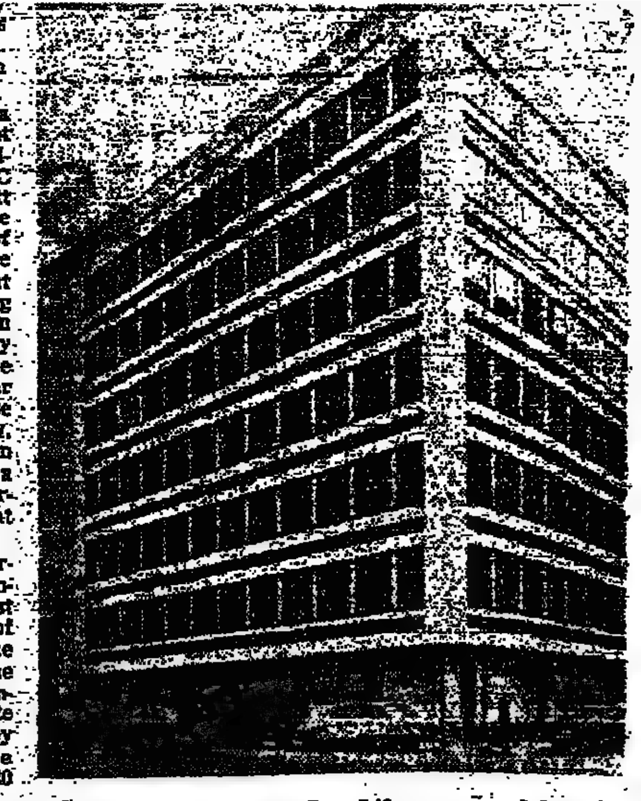
The effect on the proportion of assets overseas is demonstrated in the group's first breakdown on exactly where its assets lie. For a company which until so recently was regarded ... operation, the fact is that only just over 55 per cent. of its assets are now home based. Nearly one quarter are now in the U.S.

In the past MEPC has had a policy of revaluing investment properties on a three-year rolling basis and while, as MEPC says, it had certain merits, it now believes that the disclosure of an up to date assessment of the portfolio on a single base date is essential in current market conditions. Managing director Christopher Benson says, however, that the company is not all convinced as to the merits of establishing a regular valuation policy along these lines. The valuation, incidentally, was on the basis of open market values "as between a willing vendor and willing purchaser," and not the format approved by the RICS.

As for development properties, the company has maintained the same policy as last year. Those in the course of development have a book value of £82.2m. and although the directors say that current conditions make any accurate valuation impossible, they believe they have an estimate of between 10 per cent. and 20 per cent. below book value.

Properties held for development on which no work is under way stand in the books at £88.8m. and the directors again say it would not be practicable to place a reliable valuation on them. The point is underlined in a qualification to the accounts by Thomson McLintock who say they are unable to express an opinion as to whether the development properties are fairly stated, as well as the capital gains tax which might arise if the investment properties were realised at the amounts stated.

MEPC's operations in the residential development field, which have cost them something in the order of £15m. in the past two years, are now in the final stages of being effectively wound up. The three companies which form the residential division, Sanders, MEPC Housing and MEPC Finance, are in the final stages of mopping up. Last year's accounts reflected very large losses in this sect... U.K. and this time the ... is charging a further lo... revenue account. Given ... £5m. of sales, MEPC sa... see the end of the "... affair."



Following the sale by Sun Life, announced last mo... one Artagen Properties building in Rue Montoyer, Br... for £3.5m. plus, the other one (above) has now g... EUPIC for around £2.6m. Completed in 1974, the 3.7... metres of offices are let to Hercules Europe SA, a sub... of American Chemical. This is EUPIC's first office ... ment in Brussels, purchased after what its retained ... Knight Frank and Rutley, describe as a long period of ... search. Jones Lang Wootton, who acted for Artagen, ... the sale reflects the shortage of good investments avail... Brussels, combining decent covenants and leases (this ... nine years from the letting on completion).

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BANKING

Drawing any sum at will

DEMONSTRATION equipment will soon be arriving in Britain of new banking terminal devices which could herald a big step forward in customer service if adopted on a large scale, while simplifying the work of the bank itself to a considerable degree.

Without cashier or desk staff intervention, the unit will provide any amount of cash on demand as well as account statements and automatically perform many other day to day banking functions.

It is the subject of close collaboration between Incoterm and Chase Manhattan in New York who are developing usage and equipment experience at the moment in order to determine cost-effectiveness and the all-important customer reaction.

Equipment involved includes the Model 7704 customer transaction facility and the Model 7708 cash delivery facility and the necessary control units. Communications procedures have already been developed so that the equipment, when operated by a customer, will have the ability to call on the central computerised accounts and check whether it should indeed allow the money to be withdrawn, either because there is provision or because there are overdraft facilities.

These procedures are being used currently in banking halls in New York where the Chase Community Banking Department is seeking to reduce costs of transaction handling and serve customers more quickly. Significantly, it is seeking a cost-benefit breakthrough in automated cashier machines.

In principle, there seems little difference between this equipment and current on-line cash withdrawal facilities. But in practice, a customer with his personal account card and private security number can use the card reader and keyboard to obtain any amount of cash — within reason — from the terminal which will then give him an immediately updated statement of account.

One effect of the equipment, if it came into widespread use outside bank premises would be to reduce the flow of cheques, which is one thing the clearing banks in Britain would be very grateful for.

Incoterm, Redford Way, Uxbridge. Uxbridge 56161.

● FINISHING

Coloured window frames

GALVANISED STEEL window frames, factory finished in a wide range of colours, are now available—it is believed for the first time in the U.K.—from Mellowes Metfab, Houghton Street, West Bromwich, West Midlands B70 6BT (021-553 4011), an RTZ Group company.

Made to contractor's order only, the frames are finished with a polyester powder coat, and while the initial cost is about 1½ per cent. above that of the site-painted steel window, the savings that can be achieved by a contractor using the windows for housing or commercial buildings are considerable.

Main factor from the contractor's viewpoint is the saving in scaffold standing time, which for galvanised windows usually means time for the completion of one coat of primer and three of oil-based paint, together with any savings which might be achieved when inclement weather would have delayed the painting programme. The client has the advantage of a long *period free of maintenance*, stated by Mellowes Metfab to be over 12 years.

Factory finishing of galvanised windows has been made possible by the development in West Germany of the Syntha Pulvin range of polyester powder coatings, made by Vereinigte Pulverlack GmbH, of Landshut, Bavaria, a Unilever Polymers Division company.

The U.K. licence for these electrostatic powder coatings is held by Postans, 95, Aston Church Road, Birmingham B7 5RQ (021-327 3631). Because galvanised steel is not easy to paint, this company also developed a clean and etch chromate pre-treatment, followed by degassing heat treatment for the galvanised window frames (or any other galvanised components).

The actual work is carried out by selected trade coaters under the close supervision of Postans. After the electrostatic powder has been applied the frames are baked at 200 deg. C. (metal temperature) for ten minutes. The resulting coating is 75 microns (3 thou.) thick. Postans guarantees the finish for five years, covering colour stability, gloss and adhesion, and estimate the life of the coating to be 20 to 30 years.

This company is also attacking the coloured anodised aluminium market, to which the powder coating is equally applicable. For aluminium window frames the saving, compared with anodised colour, is stated to be at least 25 per cent.

This engineer is demonstrating the use of a miniature, flexible radio transmitting probe (bottom right) that can be used for tracing drains, sewers and pipes down to 50mm diameter. The probe emits a signal at 3.5kHz which can be picked up on the surface with a tracing receiver. The small wheeled probe contains only the transmitting aerial: battery and generating circuits are housed in a cylinder at the feed end and connected to the probe through a semi-rigid nylon hose. Pipes can be traced or blockages located down to a buried depth of 30 ft. Electrolocation, 129, South Liberty Lane, Bristol BS3 2SZ (0272 634383).

● DATA PROCESSING

Advanced project marks time

FOLLOWING the recent announcements of a number of bids in the U.S. involving an array processor, IBM has decided to launch this equipment officially in Britain. The 3838 is offered as a processor "which adds a significant amount of specialised computing power" to the big machines at the top of the 370 series and is suggested as a solution to problems of seismic recording analyses and the examination of the behaviour of complex structures under stress, such as in aerospace, civil engineering and shipbuilding.

Purchase prices run from just under £650,000 up to just under £860,000, but the company (in common with Burroughs and Honeywell) is thought to have much larger and powerful machines under development, possibly with military applications in view.

The IBM announcement in Britain draws attention to the state of play with the ICL experimental array processor—a machine built with a comparatively small number of processing elements in a 12 by 12 matrix but capable of outperforming the best and biggest conventional machines so far built in terms of instructions performed per second, bearing in mind that it works fast by splitting problems into many small portions.

The likelihood that ICL will be enabled, through interest from those centres which could profitably use such a machine, to go ahead and build a big array appears to be receding fast, simply because so many people have a finger in the development money pie.

Officially the DoI attitude is that support is under consideration and no decision has been taken. There are two overseas centres that would like a processor, but only after a viable large unit has been set up and worked in Britain. They are the Netherlands Rijkswaterstaat and the Max Planck Institute in West Germany.

Primarily involved is ICL's R and D organisation at Stevenage, negotiating with DoI through the latter's Advanced Computer Technology Projects. This unit put up £80,000 or half the cost in 1973 by which time the array was already a two-year-old paper machine within ICL.

But sice then, to the hurdles any company has to cross in this area, has been added that of the Requirements Board.

Further support is dependent on its approval and a user able to carry out further development and link an array machine to an existing large ICL computer would have to be found before the next array is built.

Two sources of support appeared possible at one time: Government research laboratories under the Science Research Council, and universities under the Computer Requirements Board. The Government laboratories "would love to have it once it is proven" and while there were a number of universities eager to get their own array and do development, having real problems best solved by an array, the various sponsors could not agree as to how costs should be shared out.

ICL has put in three proposals so far, the first 18 months ago and the last dated July this year, all involving one or other of the company's biggest conventional machines and a large array.

It is understood that funding would be around £1¼m. of which about £500,000 would come under an ACTP (DoI) loan to be repaid when and if the array unit went into full production. But Requirements Board officials have vigorously opposed the idea, it is believed, while Science Research Council would help but cannot raise that much.

In the meantime, software development costs are put at £100,000 a year with time needed to build and start up a 64 x 64 computing element array estimated at two years.

Total cost of building this first big U.K. array processor, which would have 10 times the power of the biggest machine IBM ever built, is thus around £1¼m. of which around half would be repayable.

Whether it is built or not lies in the lap of the Whitehall gods. Since Burroughs will be making a world launch of a similar large unit in the first quarter next year, the decision should not lie there much longer.

● RESEARCH

Help for Mid-East exporters

MARKET research studies in the Middle East specifically for the electrical industry have been started by the Marketing Action Group of the Electrical Research Association.

The intent is to go beyond superficial product coverage and to seek out data upon which a company can base its export plans in that area.

First studies will cover a selection of components known to be in demand in Iran, including main switches, circuit breakers, industrial and domestic plugs and sockets, selector switches, fire prevention devices and several others. A final list is to be decided after discussion with selected companies

An extensive programme of interviews within the territory is planned in addition to the presentation of all available desk material about the Iranian market and a five-year forecast. Charge to clients is to be £300. More from Mr. T. D. Sales, ERA, Cleeve Road, Leatherhead, Surrey KT22 7SA (03723 74151).

● ELECTRONICS

New maker of hybrids

ALREADY in the passive thick film microcircuit business, AB Electronic Components has announced it is extending manufacture into "chip and wire" hybrid microcircuits.

Clean room manufacturing facilities are being commissioned at one of the company's South Wales plants, so that samples and prototypes are expected to become available in January, with full production in the second quarter of next year.

A range of circuits is to be made under a technical "know-how" agreement with CTS Corporation of America which has been a leader in the advanced hybrid field for more than a decade.

Ceramic and tantalum chip capacitors will be used in the circuits which will be put together with both ultrasonic and thermocompression bonding with aluminium and gold wires. Devices will be hermetically sealed.

Computer controlled laser trimming will be used, and a wide range of environmental testing will be applied, the devices being aimed at the exacting requirements of military, electromedical, telecommunications and professional data processing applications. More from AB Microelectronics, Dinas Works, Porth, Rhondda, Mid Glam. (Porth 2711.)

● RADIO & TV

Audio mixer travels around

PROFESSIONAL QUALITY audio mixers for mobile or small studio use are fully portable and provide professional performance in a suitcase-sized unit the same basic dimensions as the Studer A67 studio tape recorder.

Rechargeable nickel-cadmium batteries are fitted to give the unit a five-hour continuous operation capability from a single charge (depending on the number of amplifiers used). The batteries are automatically charged when the mixer is connected to a suitable power source. A further useful feature is an integral dc to dc converter with allows operation from a standard 12 volt vehicle supply, from drycell batteries or a mains power supply.

The Studer 169 is modular in construction for maximum flexibility. For example, the chassis can accommodate up to 11 input units with one master unit or up to four master units with eight input units.

F. W. O. Bauch, 49, Theobald Street, Boreham Wood, Herts, WD6 4RZ. 01-953 0091.

● TEXTILES

Interlock to rib knit in hours

KNITTING IS one of the depressed areas of the world textile industry which has been in this condition for much longer than the duration of the general textile depression.

But despite this, there are developments in the design and building of new machines. The objective of many firms is to produce equipment which will add to the versatility of plant so that manufacturers may more readily take advantage of swings in trade demand.

In line with such developments is a new range of machines from Stibbe (Burtotex), Phoenix House, Frog Island, Leicester LE3 5AG. 0533-27135.

The SB range, at present confined to a diameter of 30 ins., differs from other knitting machines in that it can be changed from interlock knitting to rib fabric production in an afternoon and this without having to move the machine from the production line.

By means of a patented assembly device it is possible to drop the cylinder and dial down the centre of the machine and replace the interlock elements with a rib cylinder. The only subsequent requirement is fine adjustment of the cams. In other words a 30-in, 28 gauge interlock machine can, in a few hours, be converted to say a 30-in., 14 gauge rib machine.

The appeal of this must be that it can all be done not only so quickly, but without having to take the machine out of the production line and into a workshop. So far, the machine is generally running at 28 rpm, but it is expected that this will be raised to just over 30 rpm by early 1977.

● HEATING

Thermostats can cut fuel bills

CONTROLLING individual radiators of a central heating system, using thermostatic valves, can save up to 20 per cent. in fuel costs, according to Danfoss, the Danish valve manufacturing company.

The company has developed a valve which is used to replace the standard hot water radiator valve. It has a temperature setting range from 50 to 82 deg. F., and is supplied in 12, 15 and 20mm. BSP connections in angle or straight patterns. The temperature is set by turning the valve head.

Thermostatic control is based on a vapour/liquid charge in the sensor head. An increase in heat causes a pressure rise which is transmitted by a bellows to a valve in the hot water supply.

Next month, the company is launching a publicity drive for the valves, with co-operation of the Heating and Ventilating Contractors' Association, whose members will be attending installation and training courses.

The company asserts that home insulation does not of itself save fuel—the appliances using fuel must be switched off. If individual radiators use less hot water because they are thermostatically valved, the oil or gas boiler fires less frequently.

Danfoss emphasises that in Finland and Sweden the fitting of thermostatic valves on each radiator is mandatory on new systems (other European countries are considering similar legislation) and in France the fitting of such valves attracts a tax concession.

On new central heating installations the cost of using these valves can be recouped in three years, and with the conversion of suitable existing systems, the cost is recovered in four to five years, says Danfoss.

The company's U.K. office is at 6 Wadsworth Road, Greenford, London UB6 7JF (01-998 2041).

● QUALITY CONTROL

Spark shows the flaw

IMPERFECTIONS often invisible to the naked eye can be detected in plastics, glass, rubber and other non-conductive materials up to 1½ inch thick using the WTC 578 high frequency spark tester introduced by Welwyn Tool Company.

An important application will be in locating flaws in the welds of thick plastics tanks, tank linings and ducting where even minute holes can cause leakage of toxic or corrosive chemicals. The unit is also suitable for testing the polyethylene insulation of communications cables. scientific glassware can also be thoroughly checked.

The unit is mains operated and consists of a high frequency generator housed in a robust insulated plastics case to which is connected a hand-held probe containing the high voltage coil. Output is variable between 10 and 55 kV and the connected load is 30 watts.

When the probe is passed along say, a welded plastics seam which has a metal earth backing a spark occurs at any point where there is a hole. Dimensions are 230 by 90 by 100 mm and weight 1.8 kg. More from Stonehills House, Welwyn Garden City, Herts (Welwyn 29121).

● COMMUNICATION

Electronic exchange venture

IN A BOLD move in a marketplace containing companies such as GEC, Plessey and STC, a small company called Puresafe Communications has been formed to manufacture and market small internal electronic telephone exchanges.

The company has been, and still is marketing other manufacturers' communications equipment but states that as far as PAXs are concerned "there was not an exchange available which met with the company's policy of marketing only high quality, low maintenance equipment because they are all electro-mechanical, that is Strowger, cross bar or reed relay."

Prototypes have already been built and installed and at present sizes available are 20, 40 and 80 lines, with 10 per cent. trunking.

Space division technique is used and the exchanges will accept pulses from rotary or high speed push button pads. Features include tie line connection, conference facility, camp-on busy with queueing and several others. More from 48B Walsall Road, Sutton Coldfield, West Midlands, B74 4QY (021 308 7194).

● SAFETY

Sees smoke in ducts

THE frequently encountered type of smoke detector, based on ionisation principles, is usually not suitable for use in air conditioning ducts states Photain Controls. As an alternative the company has developed an obscuration detector.

Designed specifically for duct mounting the unit makes use of a gallium arsenide emitter which projects a beam of infra-red light on to a reflective disc fitted at the end of a 310 mm long probe. The beam is reflected back down the probe to strike a photocell mounted at the side of the emitter.

Air travelling down the ducts passes through the probe and when smoke is present the beam is obscured, reducing the reflected light. When the density reaches the set point of the variable sensitivity control an alarm relay is de-energised.

The control can be pre-set between an obstruction density equivalent to an Ilford 0.1 neutral density filter and a 2.0 filter. GLC and all other authority regulations are met. Price is £36, and more data can be obtained from the company at Unit 18 Hangar Three, The Aerodrome, Ford, Sussex. (Littlehampton 21531).

● METALWORKING

Computer controlled punching

LATEST HYDRAULIC punching machine launched by Pierce-All Manufacturing, Buckingham Avenue, Trading Estate, Slough, Berks., SL1 4NB (Slough 26551), is the 25 CNC 3036.

This is controlled by a Plessey RUSC CNC system, housed in a drawer in the machine table's right hand pedestal, and has a keyboard input for programming the machine. The 12-station turret will accept standard Pierce-All tooling up to 90 mm diameter.

A manual quick change tool ejector allows more than 12 tools to be used in any one programme. The operating station is at the rear of the turret, which, the maker says, improves machine rigidity, and operator safety.

A flying beam carries the X-axis carriage, and the pneumatic clamps have a maximum distance between centres of 610 mm. The machine can operate at up to 90 strokes/minute and has traverse speeds of 15 metres/minute on both axes. Under the turret is a castor mounted bin for slug removal.

The maker claims that this British machine is as much as £10,000 cheaper than comparable foreign models.

● HANDLING

Work table on castors

ACTING AS a mobile support for material being fed to machines, or as an extension of bench working surfaces, the Mobat is a castor-mounted adjustable table for the workshop now available from Alpha Industrial (Burgess Hill), 221, London Road, Burgess Hill, Sussex, RH15 9RN (04446 2719).

Finished in a chip-resistant orange paint, the table is 21¼ in. x 12¼ in., and infinitely adjustable in height from 29 to 46 inches. The castors are lockable, and the table will take a maximum static load of ¼ ton.

PARLIAMENT

Protest and confusion over referendum

Too many questions left unanswered, say MPs

BY JOHN HUNT

THE ANNOUNCEMENT that a referendum on devolution will be held in Scotland and Wales brought protest and confusion in the Commons yesterday in the final stages of the four-day second reading debate on the Government's devolution Bill.

Many MPs felt that the announcement by Mr. John Smith, Privy Council Minister, with responsibility for devolution, left too many questions unanswered. They were particularly dissatisfied that he could not say categorically whether English voters would have a say or what form the question on the ballot paper would take.

Others objected that it was ridiculous that the House should be spending months discussing the mammoth constitutional Bill only to run the risk of it being thrown out at a later stage in a referendum.

Mr. Smith told the House that the Government had not yet decided whether electors in England would have a say. The referendum would be held before the Bill was implemented and the Government would be bringing forward new clauses setting out the details during the committee stage of the legislation.

At the stage, the House would need to discuss carefully the detailed features of the referendum. It would have to consider such issues as the precise question to be put, arrangements for counting and other aspects. "These are complex matters which cannot be decided now," he said.

From the Opposition front bench, Mr. Leon Brittan, one of the Conservatives' new spokesmen on devolution, strongly criticised the lack of detail in the announcement. He, in turn, was attacked by Mr. Smith, who demanded to know what Conservative policy on devolution was.

Mr. Brittan replied that the Tories remained committed to a devolved assembly. In later exchanges, however, he indicated that his party envisaged a far less powerful Scottish Assembly than the one which would be set up by the present Bill.

Mr. Smith had argued that powers to be transferred to the assemblies from an overburdened Westminster were of a considerable range and depth. But there must be no doubt about the Government's unshakeable conviction in the maintenance of the Union.

He believed that for every separatist in Scotland there were four to five Scots committed, less stridently, to the unity of the U.K.

Mr. Smith stressed that within devolved areas, the assembly would make decisions on priorities. Parliament would haves to decide each time a Government wanted to use its reserve powers and the Government would have to prove that it was in the public interest and that there were repercussions on matters which were not devolved.

"Government cannot use the powers as a mater of political dogma or preference." It would have to satisfy the House that thre were damaging side-effects on matters not devolved.

Mr. Smith rejected the view that there would be grave difficulty if, in a referendum, the Scottish scheme was approved and the Welsh scheme rejected.

He did not think this was likely, but if it did happen, the commencement orders in the Bill would be made for Scotland but not for Wales.

Mr. Smith told Mr. Nicholas Edwards, shadow Welsh Secretary, that the Government would regard the decision of the people as final and the devolution powers would not be held in abeyance.

He countered a query from Scottish Nationalist Mr. Douglas Henderson (Aberdeenshire E.), who asked if the Government would accept a Scottish vote for independence, by asking if, in turn, the SNP would accept a vote against independence.

The Government was seeking to make the conduct of public business more sensitive and more acceptable to the people of Scotland and Wales, the Minister declared.

Mr. Brittan criticised the "extraordinary way" the Government's announcement on a referendum had been made. It was a great pity that the House did not have a statement which it was able to question in he normal and proper way.

If complicated new clauses were to be introduced concerning a referendum, more time would be needed to debate the Bill than the Government had envisaged. There were many questions that needed answers. Would the people of England have an opportunity to vote? What questions would be asked? Would the referendum be binding?

It was impossible to express a view on the referendum until the Government had given replies.

Mr. Brittan said the Bill was "a panicky response to the growth of nationalism." It was "a creation by frightened politicians of a lunatic legislation nightmare."

He confirmed that the Opposition was in favour of a directly elected assembly but wondered how the Government could provide for changes in the government of Scotland and Wales without thinking through the implications for England.

"The main thesis that we are seeking to put forward is that conflict is a very feature of the Bill. If we defeat this Bill, we shall heave a sigh of relief at the departure of a legislative abortion."

Nationalism was not a unique phenomenon but a symptom of a wider malaise. What was needed was a comprehensive look at all institutions.

£¾m. cut in trade promotion

THE BRITISH Overseas Board of Trade faces a cut of £700,000 in its direct spending next year and a loss of 100 jobs as part of the Government's economy measures, Mr. Michael Meacher, Trade Under Secretary, said in a Commons written reply.

Mr. Meacher said the Board itself felt that although the measures would involve some cutback in its activities, the "main thrust" of its promotional activities would not be damaged.

The Board has 1,050 staff—and the reduction will take place over 18 months. It was planning to spend £19m. next year.

Road building halt effects

MR. WILLIAM RODGERS, Transport Minister, said yesterday that he was conscious of the serious effects of the six-month moratorium on road building, announced in the Chancellor's mini-Budget the previous day.

In a Commons written reply, Mr. Rodgers said that the effects were accepted as necessary to secure benefits for Britain.

The moratorium on contracts would apply to all construction of motorways, trunk roads, local roads, car parks and public transport projects. Existing invitations for tenders on schemes which would have started in the next few months would be withdrawn.

Wealth tax

THE COST of staff engaged on planning for a wealth tax amounts to about £1m. to date, Mr. Denzil Davies, Treasury Minister of State, stated in a Commons Written reply yesterday. He said that accommodation costs so far committed were of the order of £2m. capital expenditure and £0.6m. annual rent.

Heath: I cannot vote against this Bill

In his long awaited speech on the Bill Mr. Edward Heath, the former Conservative Prime Minister, completely rejected the line laid down by the Tory leadership and declared that he would not be voting against the second reading.

"I cannot go against my record of the past 10 years and the beliefs I have honestly and sincerely held and which I think are in the interests of the people of Scotland and the whole of the U.K.," he told a silent House.

"I regret I find myself in this position. I hope it will be understood. I regret I cannot vote against this Bill to-night."

During his half-hour speech, Mrs. Margaret Thatcher, the Tory leader, listened closely. There were shouts of "Cheer up, Maggie" from the Labour benches and as Mr. Heath sat down there was a solitary cry of "Shame" from the Tory backbenches.

Mr. Heath said that in his speech he had tried to stress the importance he attached to devolution and the urgent need for a Bill to be passed.

"I don't think in these circumstances anybody should expect me to vote against the government Bill. They know by history. I may be inflexible and very obstinate. On the other hand, it may be that I sustain my beliefs.

"My beliefs, at the moment, are that this devolution Bill which I have been committed to for a decade is necessary and urgent. It was essential to maintain the union of Scotland, Wales, England and Northern Ireland and the best way of doing so was by devolution.

In the debate on Britain's entry into Europe, he had been in favour of a three-line whip but had been persuaded to allow a free vote by Mr. William Whitelaw, then Leader of the House, and by Mr. Francis Pym, then Tory Chief Whip. He now realised that they had been right to allow a free vote.

In a passage which appeared to be a direct attack on recent statements by Mrs. Thatcher, he declared: "As a party we believe in freedom. What is the point of ringing declarations about freedom if we are not prepared to give Scotland and Wales greater freedom in their own self-government?

"I believe one should give responsibility to the people at the same time as we give them freedom."

He welcomed a referendum and argued that this should go a long way to satisfy those who complained about shortcomings in the Bill.

Mr. Heath reminded the House that the previous Conservative Government had recognised that there should be an assembly for Scotland, that it should have legislative power and directly elected representatives. Lord Home had pointed out that an assembly, which was just part of the legislative system at Westminster, would be unlikely to succeed.

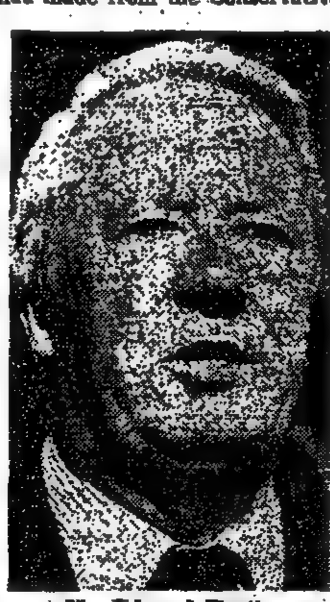
"The logical conclusion is to move to a viable and meaningful form of devolution. That is my position and I believe it is the logical conclusion of the ten years I have been engaged in working for devolution for Scotland.

"I have a personal commitment to it since the statement I made in Perth in 1968. I see no reason to change. Nothing I have heard in this debate gives me any reason to do so."

Mr. Heath was strongly critical of several points that Mr. Brittan had made from the Conservative front bench in the debate. He did not think it necessary to take what the Tory spokesman had called "a further cool and comprehensive look" at the matter.

Caustically, Mr. Heath added: "I have been doing that for a complete decade."

People outside would see the vote on second reading as a vote on the whole principle of devolution. If the Bill were defeated, the Government would not immediately bring forward a new one.



Mr. Edward Heath

Next week's business

COMMONS debates next week are:

MONDAY: Private Members' motions and Consolidated Fund Bill.

TUESDAY: Debate on the economic situation.

WEDNESDAY: Rate Support Grant orders.

THURSDAY: Adjournment debates.

Lords business is:

MONDAY: National Insurance Surcharge Bill, second reading; debate on the 51st report of the European Communities Committee on the European aeronautical sector.

TUESDAY: National Insurance Surcharge Bill, third reading; Generate Rate (Public Utilities) Bill, committee; Fishery Limits Bill, remaining stages; Town and Country Planning Bill, committee.

WEDNESDAY: Debate on sixth report of the Royal Commission on Enviromental Pollution on nuclear power and the environment; Consolidated Fund Bill, all stages; Royal Assent.

Chancellor has my full support—Callaghan

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. JAMES CALLAGHAN, Prime Minister, yesterday attacked critics of the mini-Budget and warmly defended Mr. Denis Healey, the Chancellor, from his Left and Right wing detractors in the Commons.

Predicting that the effectiveness of the economic package announced the previous day would soon be widely realised, Mr. Callaghan said: "When the world has had a chance to look at it clearly there will be a boost to confidence."

But it was the demand, renewed during question-time by Mr. Peter Hordern from the Tory backbenches, that Mr. Healey should resign, which brought the most vehement reaction from the Prime Minister.

"The Chancellor has carried a heavier burden than any other Minister for a very long time and he has served our country well," declared Mr. Callaghan.

Amid loud approval from the Labour moderates, the Prime Minister added: "He has my full support in what he is doing, and I believe his task has been made infinitely more difficult by the attitude of the Opposition on many of these matters—including their attitude on sterling."

Left wing complaints about his measures had been directed earlier to Mr. Healey himself when he was urged by Mr. Douglas Hoyle (Lab., Nelson and Colne) to stop being a "scrooge" and try a new role as Santa Claus.

The Chancellor was further pressed to adopt Labour's alternative economic strategy which would give prominence to import controls. "Wipe the smiles off the faces of the Opposition and bring delight to the Labour Party," Mr. Hoyle pleaded, arguing that the alternative strategy would not mean a siege economy, only a planned one.

Mr. Healey said nothing would please him more than to be able to take over the part of Santa Claus to the Labour movement. But he pointed out that the TUC's economic committee had accepted only that morning that there was no real alternative to seeking financial support from abroad if the pound were to be protected and even worse unemployment averted.

He also assured Mr. Norman Atkinson (Lab., Tottenham) that the possibility of oil price increases in the light of the OPEC meetings had been taken into account in all of the mini-Budget's figures.

Tory backbencher, Mr. Peter Viggers (Gosport) intervened to contend that the Government's credit-worthiness was fraying at the ends.

Mr. Healey retorted that Mr. Viggers would do well to read the satisfaction expressed by the IMF over the measures that had been taken, along with the "full-hearted endorsement of our general strategy by the world's leading monetary authorities. Those who had endorsed the package included, in particular, the U.S., Germany and Japan," the Chancellor added.

Sir Geoffrey Howe, shadow Chancellor, accused ... of claiming month... that his policies ... endorsement all ... world.

It was time the ... abandoned his ... began making the ... of policy that were ... Sir Geoffrey named, ... lar, the need for rea... for people to work a...

Mr. Healey, dism... criticisms, suggest... economic package h... a considerable shift ... in favour of industry. ... of this move had been ... by the CBI who we... better qualified ... Geoffrey to realise ... beneficial for the ... this country, he sum...

Mr. Jim Sillars, of ... Labour Party, pursu... called the protests ... Chancellor's postpone... wealth tax.

Mr. Healey agree... had caused "some co... Left wingers he ... murmured their asse... Chancellor pointed o... working group set ... to deal with the pro... be giving further co... to the form the tax ...

Mr. Sillars compl... the Chancellor had ... time that he was ... squeeze the rich un... squeaked. So why h... attention been paid ... people like Sir Ha... who could "gambl... away?"

Mr. Healey contend... promise about ma... squeak had never be... him—and not by a... either, so far as he ...

MR. DOUGLAS HOYLE
Plea for adoption of Left's policy.

Bank purchase 'sensitivity' ...

BARCLAYS BANK needs to show a "considerable degree of sensitivity" over its recent purchase of South African defence bonds, Mr. James Callaghan, Prime Minister told MPs yesterday.

He was replying to Mr. Jeremy Thorpe (L., Devon N.) who had drawn attention to a report that the bank had bought "some £8m. worth of defence bonds to assist the South African Government."

Michael Blanden writes: Responding to the Prime Minister's comment, Barclays International said in ... it was very sensitive t... involved. But the ba... its arguments that ... ment in South Afric... bonds had been ma... locally incorporated ... as part of the general ... Government stocks r... local regulations.

There was no action ... be taken in London ... case, it would make ... difference to switch ... simply into another ... stock in South Afric...

Fishery Limits Bill unoppos...

THE LORDS yesterday gave an unopposed second reading to the Fishery Limits Bill, which, from January 1, extends Britain's fishing limits to 200 miles.

For the Opposition, Lord Campbell of Croy pledged support in getting the Bill, which has already passed the Commons, through the House by Christmas.

He also urged the Government to take powers to control landings of fish from foreign boats as a bargaining counter in negotiations with Iceland.

Lord Campbell said Conservatives would support the Government in attempting to set up its own fishing regime within a 50-mile limit after January 1 if no EEC agreement was reached.

Lord Peart, Leader of the Lords, said that without the Bill Britain's fish stocks would be in danger of greater pressure from fishing fleets banned from other coastal waters as 200-mile limits came into force.

Lord Wade of Chorlton [illegible], for the Liberals, said that until EEC arrangements were decided, it would be extremely foolish for the Government to surrender a 50-mile exclusive limit around the coast.

Lord Massereene and Ferrard (C.) said the Government must insist that Britain had an exclusive 50-mile limit. He... the West coast of Sc... a long period and w... at the drop in fish c... had seen Russian ... "hoovering the sea" ... form of electronic e...

Replying, Lord Pea... the Community al... powers, including ... ban on imports, whe... foreign countries wa... a "reference price".

He hoped the ... with Iceland would ... ful. "It would be ... if bitter relations ... Iceland, the Comm... ourselves remained."

Written Answers

ENERGY

Mr. James Sillars (Scot. Lab., South Ayrshire): What has been the value of total sales of natural gas drawn from the English sector of the North Sea in the past 12 months? What was the total charge made to Scottish consumers, and what percentage this represents of total sales?

Dr. J. Dickson Mabon, Minister of State: All natural gas from the U.K. sector of the North Sea so far sold by the British Gas Corporation has come from the Southern Basin. In 1975-76 such sales totalled £1,200m. of which Scotland accounted for £48m. (4 per cent.). In addition, approximately £2m. worth of town gas sold in Scotland was reformed natural gas.

*

Mr. Peter Rost (Con., Derbyshire S.E.): When will the report be published of the Combined Heat and Power Group under the chairmanship of the chief scientist?

Mr. Alex Eadie, Under-Secretary: Members of the Group have recently completed a comprehensive analysis of the prospects for combined heat and power in the public sector in both the medium and the long term, and comparisons have been made with a wide range of alternative heating methods. The report of this work will be made public early in the New Year and the Group will finally report and make recommendations when interested parties have had the opportunity to comment on the analysis.

TREASURY

Mr. Donald Anderson (Lab., Swansea East): Is there further information about the proposed crown piece to be struck to commemorate the Queen's Silver Jubilee?

Mr. Denzil Davies, Minister of State: Yes. Her Majesty has today made a Proclamation under the Coinage Act, 1971, giving details of this coin. As previously announced it is proposed to strike two versions, one in cupro-nickel and one in sterling silver. The cupro-nickel version will be of normal coinage standard, and will be available from banks at face value. The silver version will be struck to proof standard and will be available by mail order direct from the Royal Mint. The price of the silver proof and the date of issues of both versions will be announced later.

*

Mr. Bryan Gould (Lab., Southampton West): What evidence is there that the public sector deficit: (a) cannot be financed from real resources or (b) can only be financed by pre-empting resources which are needed by private investors in manufacturing industry?

Mr. Denzil Davies: The size of the public sector deficit which can be accommodated without undue pressure on real resources, and without pre-empting available savings needed in productive industry is bound to vary over time as domestic and external economic conditions change. Success in the fight against inflation, and the creation of conditions in which the performance of U.K. industry can be steadily improved require changes both in the allocation of real resources and in the pattern of financial flows associated with the use of real resources.

*

Mr. Tony Durant (Con., Reading North): Are there any provisions for increasing the earning limit of £115 p.a. before child allowance is cut regarding those children remaining at school after the age of 16 years?

Mr. Robert Sheldon, Financial Secretary: Yes. Section 29 (3) of the 1976 Finance Act increased this limit to £350 with effect from April 6, 1976. But where the child is under 18 and unmarried throughout the year and does not have earnings in excess of £235, the allowance is reduced by the amount by which the child's investment income exceeds £115.

SOCIAL SECURITY

Mr. David Price (Con., Eastleigh): Is the Secretary of State for Social Services satisfied with the response of local authorities and health authorities to proposals for joint financing?

Mr. Roland Moyle, Minister of State: Yes, the response from local and health authorities in England so far in the first year of this new scheme is encouraging. The information I have received from Health Authorities indicates that they have already agreed to use nearly two-thirds of the allocations made for jointly financed projects in 1976-1977, and that further projects are under discussion locally. The balance of allocations not used in 1976-77 are expected to be carried forward to 1977-78.

*

Mr. George Cunningham (Lab., Islington South and Finsbury): What has been the surplus or deficit in the National Insurance Fund Account for 1973-74, 1974-1975 and 1975-76. ... Actuary takes the pr... surplus or deficit into ... recommending ... rates? How the surpl... cits have been disp... financed?

Mr. Stanley Orme: Taking into account ... the former National (Reserve) Fund and Industrial Injuries F... were merged with th... Insurance Fund fro... 1975, the surpluses ... 1974-75 and 1975-76 w... £638m. and £260m. ... Setting the rate of nat... ance contribution is ... sibility of the Secreta... for Social Services wo... in the legislative fra... Sections 120-123 of ... Security Act, 1975. ... occasion, Section 1 of ... Security Pensions Act ... is due to come into f... introduction of the ne... scheme in April 1978 ... be kept in mind. S... are surplus to bene... ments are invested in ... with Section 133 (3) o... Security Act 1975.

INDUSTRY

Mr. Michael Grylls (... NW): How much re... has been paid in tota... Graham Day, chief ... designate of British Sh... up to December 9, 1... compensation be paya... Day?

Mr. Leslie Huckfie... Secretary: Up to ... £17,719 has been paid ... of salary to Mr. Day ... chairman of the orga... mittee and deputy ch... chief executive des... British Shipbuilders: ... of compensation has ...

*

Mr. Eric Heffe... Walton): Are there ... the development o... units to develop. Ha... ject been discussed ... local authority?

Mr. Bob Cryer, U... tary: The Depart... Industry was to build ... factory at Sanden ... tended, for expand... businesses. These un... be ready for occu... June 1977. My offi... worked in close c... with Merseyside Coun... and Liverpool City C... this development. I... aware of the needs ... businesses in Liverpo... possibility of furt... developments have ... cussed with Merseysid...

ENTERTAINMENT GUIDE

OPERA & BALLET

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ttitudes of shop floor managers can make or break a participation heme. In this article **Bill Roche**, a leading shop steward, gives personal view on this and other problems in Leyland factories

.eyland's fight for survival

ANY ANALYSIS of the cur- and future problems of ish Leyland, one should first erline the great contribu- being made by the trade n movement under the al contract. Since 1971 the kers in British Leyland have their position in the onal wages league de- rate to a point where, were ot for the intolerable un- loyment situation, it would ifficult to recruit the people ssary for the company to ive.

iis is important because we ecognise that we are now battle for survival. The of investment starvation caught up with us, and the ive reorganisation and nalisation envisaged in the r Report is needed for us mpete internationally. This e task before us, and be- the nation.

llowing the collapse of the British Leyland, the Ryder rt was reluctantly accepted he Leyland trade unions deep reservations. Its con- ons and recommendations ar short of our aspirations. of the submissions entered e unions to the Ryder Com- e called for a much wider ol of the company with, xample, the components in- y and the distribution anies being brought to- r. We said that they d all come under full pub- wnership and with public ntability, which would le the building of a true strial democracy in the in- y.

ny of us were therefore y disappointed at the out- But in the interest of 00 workers in British Ley- and possibly as many in the associated com- s, the trades unions gave a itment to carry through Ryder recommendations. of the major challenges arose from these recom- lations for the trades s was the introduction of participation procedures— was the "great unknown."

Consider the size of the company's main problems. Leyland has over 14 different manual and staff unions spread over more than 30 different car plants. Each plant has its individual history and traditions, some of them with years of success and world-wide esteem behind them. My own plant, Pressed Steel of Cowley, is this year celebrating 50 years of making motor bodies. It pioneered the all-steel body shell, once boasted the largest press shop in Europe, and was world-famed for the quality of its products. Why then did it fail? Not because of any weakness, inadequacy, or bloody-mindedness of the workforce; not because of industrial disputes, for we have one of the best industrial relations records in the industry. No, the blame must lie with those who ran the business. Successive governments must also take a share of the blame, for too often they have used the motor industry as an economic regulator.

The Marina production line at Leyland's Cowley plant in Oxford

Managements made major managerial blunders—not only the lack of re-investment, or failures in engineering and costing of models, but some disastrous industrial relations decisions. Not least here was the blind insistence on the introduction of measured day-work which, far from curing all ills, destroyed incentive without re-creating a substitute motivation.

Unfortunately, the only motivation to-day appears to be that of the survival of the company. But is this the right approach for us to take? I suggest that if we are to be successful two things must happen. First there must be some progress towards restoring our place in the national wages league. Second the trades unions must be given more "teeth" at all levels in the new participation structures.

Among the reservations voiced by the unions when they committed themselves to the participation proposals was a complaint that they were not being given any power of decision-making or veto on any of the joint participation committees or on the top cars council. This was in line with the Ryder Report which said: "In the absence of consensus the management still reserves the right to manage." In addition, managers and directors are still appointed both to their jobs and to the committees without any consultation and so without any influence from the committees.

This raises the question of whether these joint committees are really operating with the spirit and intent of the Ryder recommendations. I believe it is fair to say that while there is (or, more correctly, was initially) a genuine desire of the majority of the workforce to co-operate in the participation experiment, workers on the shop floor expected a dramatic change of attitude from the management.

On the other hand the management undoubtedly looked for a reciprocal change from the past attitudes among the workers—creating a classic "chicken and egg" situation.

But, with the best will in the world, the management see their traditional role and authority eroded. Since the late 1960s they have gradually abandoned their traditional isolationism from the unions as staff, supervisory and managerial union membership has become the order of the day. The managers have entered into formal pay and conditions agreements—for example manning ratios covering the number of operators there should be for every foreman.

Then participation came *along and it is my belief* that, after the initial burst of enthusiasm, a cold reality took over. Years of "divine right to manage" were being challenged because a sharing of responsibility with shop floor workers, through the union representatives, could mean a reduction of management authority and status. This was coupled, I believe, with a general management view that participation cannot work.

So, the gradual process of entrenchment began accompanied, I regret to say, in some areas by a positive resistance to the principle and ideals of participation. The result was that some groups of managers opted out and reverted back to their traditional roles. We must therefore ask how one can expect the worker to respond to his supervisors' demand for change knowing that the supervisors are not prepared to do likewise.

Because the expected change in management attitudes did not materialise, the workforce become disillusioned. In addition, almost simultaneously with the setting up of the participation machinery, came the bombardment from some MPs, from their Select Committee, from the Central Policy Review Staff report, and the mass media in its most frenzied mood demanding instant cures for a disease created by years of neglect. Grossly unfair comparisons were quoted with European and other competitors. Small wonder the workforce reacted!

Against this background, the experience of the past ten months shows that radical changes are now necessary. The workforce, through their unions, must be able to see evidence of fundamental changes. The old consultative machinery must be replaced by a system of real involvement and responsibility which has the necessary authority to tackle some of the basic problems that exist between workers and management. After all, we may all accept the necessity for the existance of managers, designers, engineers, draughtsmen and a host of other technical and administrative workers, but in the final analysis everyone is paid from the profit of vehicles that roll off the end of the production lines.

Parkinson's Law has operated for too long. Management should take a long hard look at itself and its image. "Too many Chiefs and too few Indians" is a recipe for disaster. The motor industry and British Leyland in particular has in the past made a great contribution to Britain's manufacturing output and exports, and the trade unions are determined to ensure that it will continue to do so. The well-being of our members, and the well-being of the whole nation require the existence of a thriving motor industry which is an essential part of our manufacturing base. We have committed ourselves and the nation through Parliament to re-establish an expanding and viable motor industry.

Despite all the frustrations caused by failures, we must now take a positive and optimistic view, because the new British Leyland, with the support of the National Enterprise Board, must and will succeed.

Bill Roche, a senior shop steward at Leyland's Cowley body plant. He is also a national executive member of the Transport and General Workers' Union and is joint secretary of the car council which forms the top tier of Leyland's participation scheme.

INFORMATION FOR EMPLOYEES

Accountants see the need for fresh initiatives

BY MICHAEL LAFFERTY

THE DISCLOSURE of financial information to employees must be one of the most talked about and controversial issues in industry and the City to-day.

A significant contribution to the debate, which is not only forthright and simple but also practical came this week from the Hundred Group of leading chartered accountants in British industry and commerce.

The Hundred Group is not over-enthusiastic about using the existing type of written employee reports in every company as the sole method of communicating financial information to staff. As accountants, they probably recognise that these documents, no matter how well illustrated, are to a considerable extent already tainted as employer propaganda or as advertising vehicles. This raises the question of whether, if it is accepted that employees have a right to financial information, the figures they are given should be audited because some companies might be tempted to manipulate the figures.

Irrelevant

But one should not necessarily assume that annual reports of any kind are the right of, or even the only documents that should be given to, employees. Since they are usually based on overall group or company activity, annual reports are generally irrelevant to an employee in a factory or office hundreds of miles away from the corporate headquarters. It is in the context of looking for a better approach that the Hundred Group has some significant ideas.

Certainly graphs, bar charts, diagrams, video screens and company newspapers, should be used, it says. But the most effective procedure would be to ensure explanations and discussions through normal communications channels.

"More meaningful information could be conveyed by verbal presentation and explanation, coupled with aids, if necessary, than by the sole distribution of the written word.

"In addition, owing to the sensitivity of the Stock Exchange and others over financial information which is given in places other than in annual reports and interim statements, data given verbally via slide or video presentation could provide a safeguard with advantages to the employees." The Group also states that if information is given on a localised basis it often ceases to be price-sensitive and to be of value to competitors. "While some small risks may have to be taken in this area, the value in securing fuller participation and hence more effective working far outweighs this disadvantage."

Definitions of all terms used in financial information should be self-explanatory and should, as far as possible, avoid technical jargon at all times. "While one should never appear to be talking down to employees, it is essential that the terminology used should not be so simplified as to be capable of differing interpretations, nor should it bear a propaganda or advertisement connotation."

To be of use to both the employee and employer alike, data needs to be more than just informative but almost motivational in the sense that it provokes inquiry, explanation, and even subsequent action, the report states. Consequently, it is recommended that facts and aims should be presented in a form that would become recognised by all employees.

The Hundred Group recognises that the principal reason for the lack of certain financial disclosures is the fear of the effect this would have on company security, whether it is related to matters of investment, credit or indeed competition, and would thereby affect the general commercial position of the company.

"On the other hand it seems essential, if employees are to be involved and kept informed, that all parts of a company's plan for the immediate future should be disseminated down the line without inhibiting this aspect of security. In fact we recommend strongly that companies should make every attempt to do so where the information is of particular interest to their employees. For instance, capital investment, both short and medium term, could be provided on a plant, departmental or merely a local basis," says the report.

Proposals

From all this the Hundred Group comes up with five specific proposals for giving information to employees in addition to the formal annual report, which it says should merely be left around to be picked up by any member of the staff to muster enough interest.

Four of the proposals cover the provision of simplified statements of value added (the normal profit and loss account "is not informative"), cash flows, assets and liabilities, and employee benefits and statistics. This would relate to individual companies in a group.

The fifth suggested area of disclosure concerns matters of more direct importance to the employee, particularly progress in the factory, etc. in which he works, the outlook for the factory, etc., and future plans.

The group attaches the greatest importance to this latter area of special information, which it believes is of far more interest to individuals than is wider information covering the whole group or corporation.

The Hundred Group report concludes by accepting that there has been a total lack of information, financial or otherwise, prepared specifically for employees, other than that which is required for them to do their jobs. "Consequently, it is appropriate that this situation be rectified voluntarily by companies in an organised and uniform manner and preferably before legislation imposes on companies statutory requirements to provide more information than we as accountants consider reasonable."

Ways to finance export trade

BY NICHOLAS LESLIE

A CONSIDERABLE proportion of the effort U.K. companies have to make to expand their exports and develop international trade may often involve overcoming problems of how best to finance such business. For some, it is a question of trying to understand the options that are available, while for others it may be that existing arrangements are proving unsuitable and they do not know the extent of the alternatives available.

One sector of the City which founded a simple form of *finance for international trade is* the merchant banks. They have subsequently helped develop, particularly since the Second World War, a whole range of more sophisticated methods by which finance can be provided to fund goods being sent abroad or products being imported and one of the largest of these, Hambros Bank, has just published a book which sets out both to illustrate the importance of financial management within a company and the means by which this can be achieved. While it has been devised as an aid to its existing clients, it is also aimed at the financial *manager or director of any British* company already or about to be involved in foreign business.

The book, which is only 46 pages in length, assumes that the reader has some knowledge of international financing, but its presentation also has the elements of a "plain man's guide," with its use of simple diagrams to illustrate the way in which cash is not only raised but is transferred during the course of a deal.

The introduction explains that the book is designed to "deal with those aspects of financial management which are inherent in international trade and with the techniques and facilities which can be deployed. We recognise separate, but largely inter-department elements—risk, credit, borrowing, cash flow and currency—each of which requires specific attention and deliberate management."

The book then goes on to outline why certain types of credit are used in export contracts and the legal standing of the different types.

The use of acceptance credits —first established last century by the merchant banks—is explained, as are ways of collecting cash, dealing in different currencies, insurance, exchange control, and the use of offshore trading companies.

International Trade; Hambros Bank, 41 Bishopsgate, EC2P 2AA.

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FRIDAY, DECEMBER 17, 1976

Unemployment and wages

IN GENERAL, the Government has some reason to feel satisfied with the statement made by Mr. Len Murray after yesterday's meeting of the TUC Economic Committee. It admittedly lists the various aspects of the package which it finds particularly unpleasant and repeats its plea for greater use of selective protection against imports. One one feels, reading between the lines, that it is still prepared to support the Labour Government.

But it is apparently not prepared to support the Government unconditionally. The sting comes in the last paragraph. An orderly return to collective bargaining, it says, must be set in the context of an effective strategy to tackle unemployment and inflation. The Government must be prepared to make "specific commitments" on the whole range of economic and social policy, including prices, the social wage and employment. "It is not acceptable to the TUC to propose that there should be a further arrangement simply linking pay to taxation."

IMF terms

It is entirely understandable that trade union leaders, whose main function is to negotiate, should want to keep the ground open for negotiation with the Government as wide as possible. They must also be uncomfortably aware that voluntary wage restraint is becoming more difficult to maintain as time goes by, especially when it implies a fall in real living standards, and that the "orderly return to free collective bargaining" due to begin next summer will be a much more delicate operation than previous, cruder forms of restraint. We ourselves have *pointed out that it would be* imprudent to make the guidelines for the next period of restraint so strict that they risk being frequently ignored—and creating a minor exchange crisis every time that this happens.

Granted all this, however, it would appear that the TUC leaders have not yet grasped the precise terms on which the International Monetary Fund has been willing to help us out of a critical situation. They should have recognised that these terms are stiff from the very fact that the loan for which we have asked is being paid over in instalments, each payment being conditional on the achievement of satisfactory progress. But they seem to have been so bemused by the unpopular aspects of Mr. Healey's package—the tax increases, the housing cuts, the faster phasing out of the food subsidies, and so on—as to have missed the wood for the trees.

Deciding factor

The essential point of the package, from the Fund's point of view, is that a limit has been set on domestic credit expansion—on the growth of the money supply, that is, after making allowance for the balance of foreign payments. There may be differences of opinion about the restrictiveness of the limit actually imposed; but the Fund has power to adjust it if circumstances seem to make that desirable, and the fact of greatest importance is that a limit of some kind has been set.

Under such circumstances, the Government is no longer free even to imagine itself capable of fighting unemployment by increasing the money supply. The level of unemployment will be set by the level of wages in relation to output: it is the unions themselves which will determine the unemployment figure. That is the only trade-off in the round of talks. It is true, of course, that if a strong union succeeds in securing an excessive wage increase, it may be *other people,* not its own members who are put out of work as a result. This is a problem which is of particular interest to the TUC and one with which it should be principally concerned when it comes to negotiating with the Government.

The CEGB and its suppliers

TWO CENTRAL conclusions emerge from the Central Policy Review Staff report on the power plant manufacturing industry, published yesterday. The first is that, because no new power station is likely to be ordered in the U.K. before 1980 at the earliest, employment in the two turbo-generator companies (GEC and Reyrolle Parsons) and the two boiler companies (Babcock and Wilcox and Clark Chapman) could contract to a point which threatens the viability of the industry. The second is that, even when home demand recovers in the 'eighties, and given the likely level of export orders, there will not be enough business to sustain more than one internationally competitive company in each of the two fields.

Redundancies

On the turbo-generator side the most vulnerable plant in the short term is the Parsons works in Newcastle, where substantial redundancies will take place next year unless the Government instructs the CEGB to bring forward the order for the Drax "B" power station; since Parsons and Babcock supplied the turbo-generators and boilers for the first stage of Drax, they would presumably get the orders for the second. But the CEGB does not need the extra capacity and the costs to the taxpayer of advance ordering would be considerable. On the present ordering outlook, it would merely postpone redundancies at Parsons and Babcock for two years. Moreover, it would create no new jobs at Clark Chapman or at GEC, some of whose factories (notably Larne in Northern Ireland) have strong claims to special treatment.

The questions for the Government are what action, if any, it should take to ease the industry's immediate problems, and how far, if at all, it should seek to bring about structural changes to create a more competitive industry for the long term.

To do nothing would probably mean the virtual demise of Parsons's works. Since the Newcastle plant is well-equipped, technically proficient and a successful exporter, there is a case for considering what arrangements could be made to safeguard its future. It is difficult to see any other way of achieving this except by merging it with GEC's turbo-generator interests. Such a merger would involve difficult management and labour relations problems, requiring careful negotiation; there would still have to be redundancies both in Newcastle and at GEC's factories. But it does provide the possibility of developing a British company with a sufficiently large throughput of home and export orders to compete against Kraftwerk Union, Brown Boveri and the other world leaders.

To bring about mergers the Government will have to provide a sweetener; the CPRS report suggests that Government assistance should be made conditional on "acceptance by both management and labour of at least the heads of agreement on mergers." If Drax "B" is excluded on grounds of cost and small impact on employment, the Government could provide additional help on exports, perhaps by improving the cost escalation insurance scheme or by financial backing on turnkey projects.

Higher prices

There is a case for some limited Government assistance, since this is an industry with a proven ability to export and its present troubles are largely due to over-ordering by the CEGB in the 'sixties. If a rationalised industry can be helped through the next few years, it must be given some assurance of a steadier U.K. workload in the future. This is the most important long-term issue for the Government. It is easy to criticise the CEGB for making forecasting errors, but the real question is how much the ten-year contractual commitment which the CPRS recommends would cost the Government in increased financial support for the CEGB, or the consumer in higher electricity prices. What is clear is that the CEGB's present view of its responsibilities, as laid down by statute, is too narrow; a better balance between the interests of suppliers and customer must be found.

The Spanish referendum: two cheers for democracy

By ROGER MATTHEWS, Madrid Correspondent

THE SPANISH Government has gained through the ballot box the moral authority required to press ahead with its still incomplete plans for a political reform designed to bring the country more into line with its Western European neighbours. At the same time it has been robbed of its last excuse for hesitation, delay or vacillation.

The resounding defeat of the ultra Right in Wednesday's referendum demonstrates what had been suspected for a long time—that it was a paper tiger whose importance has been vastly exaggerated by the positions of power which it maintained in the crumbling structures left by General Francisco Franco. Henceforth it will be scarcely convincing for the Government to argue that it is being held back by the dark shadows of the past, or even by the attitudes of senior right-wing generals. The army, as much as any other sector of the public, must presumably take note of the extent of the Government's victory and the degree of consolidation its provides for the commander-in-chief, King Juan Carlos.

Prime Minister Adolfo Suarez (left) has won an overwhelming victory over the Right in the Spanish referendum, which produced a 94 per cent. vote in favour of his plan for an elective parliament. But large tracts of the country remain alienated, as does the Left which claims that the vote was not held under truly democratic conditions and called for a boycott of the polls. Posters proclaiming "No votes without liberty" were put up in the Madrid under ground. The campaign helped to bring down the turnout to 77.5 per cent. of all voters.

The results of the referendum were an individual triumph for Prime Minister Adolfo Suarez, whose public relations and tactical skills first piloted the constitutional reform bill through a doubtful Cortes, and then were employed to good effect in making the poll seem not too much like the two referenda held during General Franco's rule. Of course, as the more enlightened members of the Cabinet would admit, it was not a democratic vote: some superficial concessions were made to parties of the Left, but it was basically an operation in which the Government made the law, and then used the full weight of an authoritarian state machine to push it through. That it was done with rather more sensitivity than Spain has been used to, was the necessary accompaniment to a flood of democratic protestations from the regime.

Opposition parties

Naturally the opposition political parties almost wrote off the referendum even before the campaign began. The Socialists very half-heartedly came out in favour of abstention, because they said true democratic conditions did not exist. But it is an uphill task explaining to people why they should not vote, when it is the very thing they have been fighting so hard for during the dictatorship.

The Communists and other parties to their left, which the Government has said will not be legalised, fought a little harder. But they were constantly harried and received summary treatment from the riot police when they tried to take their message on to the streets.

Everyone, therefore, can make their own qualifications about the referendum results. While the extreme Right was squashed since it attracted only 2.5 per cent. of those voting, it is more difficult to interpret the nearly 23 per cent. who abstained. The degree to which Spain is a more liberal country than barely over one year ago can be measured by the fact that General Franco would never have permitted abstentions even to aproach double figures. Probably the large majority of those who did not vote stayed away from conviction, not because of circumstance. After such a long period of not daring to disobey political instructions, the mass of the population, which is still heavily a-political, again did as it was told. Membership of political parties is still minute compared with the total population. Outside the main cities *the level of political awareness* is low.

Hence the nine-man team of opposition party negotiators who are demanding urgent talks with the Prime Minister on the democratic guarantees they require for next year's general elections does not appear to have a particularly strong hand to play. The referendum, which has approved the establishment of a two-chamber parliament to be elected by universal suffrage, is very much the first step on the road to democracy. Not surprisingly, the opposition at times can scarcely believe in the conversion to democracy of Sr. Suarez, who 18 months ago could be seen wearing the blue shirt of the Falange and raising his right arm in the classic salute to authoritarian Government.

However he is the man pledged to give sovereignty to the people. If it is to be meaningful, it must be done under conditions that will clear away the political doubts remaining in the minds of some members of the Common Market. It is the worsening state of the economy that makes Spanish acceptability in the western world of such importance to the Government, and the country's certain need in the coming years for further substantial foreign loans and international investment.

Equally, the Government will need to make some sort of deal with the still illegal trade unions if inflation, running at an annual rate of nearly 19 per cent., is to be brought under firmer control, without also further increasing unemployment. It already has reached socially unacceptable levels in some regions. This need also implies a pact with the opposition parties because of their close links with the unions. Therefore the apparent strengthening of the premier's hand does not necessarily imply a parallel weakening of the role of the opposition. What it does unquestionably do is to make even more persuasive the case for serious negotiations, while the Prime Minister's victory in the referendum can give him the scope for some positive gesture of conciliation.

Despite an almost sleepless night after polling day Sr. Suarez was at his desk soon after 10 a.m. yesterday morning and working on precisely such a gesture which could also encompass the issue of the turbulent Basque region, and the explosive implications of the kidnapping of Sr. Antonio Maria de Oriol y Urquijo, President of the Council of State.

If there was one clear warning to the Government in the referendum results it was that *trouble is brewing in the Basque* region and that people there feel strongly alienated from Madrid. In the province of Guipuzcoa over 55 per cent. of the electorate boycotted the polls. In neighbouring Vizcaya almost half stayed away. Apart from the obvious political aspect, the industrialised Basque provinces have an important influence on the performance of the economy underlining the need for some sort of accommodation in the short run at least.

The majority of the current political killings, whether by the separatist ETA group or by the police, para-military *Guardia Civil,* and sometimes by associated extreme right-wing factions, have occurred this year in the Basque provinces. Retaliatory general strikes against official violence have attracted more support than ever before, and the omission of the Basque region from the travels of King Juan Carlos is indicative of the difficulty Madrid has in considering possible political solutions. Separatism *is scarcely credible,* but the need for a significant devolution of powers by an eventual statute of autonomy, or something similar, will be pressed even more vigorously should Spain achieve its democratic goal.

Where the Basques go, others will wish to follow. Galicia, poor, agricultural, greenly un-Spanish, and about to get a statute of autonomy when the civil war broke out in 1936, turned in abstentions of just over 30 per cent., perhaps a surprisingly high figure considering the influence the authorities *can have in largely* rural areas. More than 30 per cent. also abstained in the mountainous coal-mining region of Asturias, an area famous for its courage in standing up to General Franco.

Political amnesty

Catalonia, to which George Orwell paid homage for its support of the Republic during the civil war, boycotted the polls in numbers only slightly higher than the national average. Barcelona, as the Catalans never tire of saying, is Spain's most European city by far, and has for some time been living in a pre-democratic situation. Though they are less fiercely independent than the Basques, there still is a very strong movement for autonomy among the Catalans and many of the immigrants who have flooded into the region, attracted by its relative prosperity.

None of the regions will be satisfied by official recognition of their own language alone. Once the Government gets on to more substantive considerations it will be difficult to[...] conceding a general pr[...] However, as the Prime M[...] has stressed, these matte[...] more properly the work[...] democratically elected ass[...] and he intends to leave[...] for the new Cortes. It n[...] course, be that Sr. Suare[...] still be dealing with them[...] an impression that is g[...] weight in official circles. [...] he was considering yes[...] morning was reliably [...] stood to be an important [...] sion of the two partial p[...] amnesties already g[...] under the monarchy. This [...] at a stroke remove one [...] most militant short-term [...] demands since the major[...] political prisoners are B[...] and could be seen as a p[...] gesture towards one o[...] opposition parties' demands. If there is t[...] could also help to me[...] demands of the extremist [...] which has seized the Pre[...] of the Council of State.

Sr. Suarez may feel t[...] has the strength to offer [...] positive response to regi[...] and amnesty demands, a[...] the former supporter[...] General Franco—now r[...] *defeated at the polls*—wh[...] bitterly oppose such [...] initiative. No love is l[...] tween Sr. Suarez and his [...] wing opponents in the r[...] and it could be that the P[...] will find a chance to [...] some of his pent-up ange[...] their previous obstruc[...] tactics.

However, the satisfact[...] cause Spain went to th[...] without serious violenc[...] because the majority [...] people voted for a [...] democratic system, [...] not be allowed to d[...] longer-term realities. Th[...] ernment, despite its p[...] tions, does not really w[...] introduce a system th[...] open the door too fairly [...] wide to the left wing. [...] most other Government[...] not want to lose the [...] which it is beginning to [...] This might or might n[...] serious difficulty befo[...] general elections, larg[...] pending on the attitude [...] opposition parties.

Spain has yet to face t[...] *pect early in 1977 of int[...]* strife on a far larger sca[...] has been permitted so [...] will not be easy for the [...] ment to accept w[...] criticism of the Fran[...] with which most of it[...] bers were intimately i[...] Neither will many of the[...] themselves find it plea[...] come under direct and [...] attack. Spaniards a[...] accustomed to the dem[...] game and will find the ne[...] tolerance difficult to [...] Besides, the economic s[...] is bound to have a lon[...] effect on the chances [...] democratic child survivi[...] will need as much inter[...] support as it can get.

MEN AND MATTERS

Reinsuring

This week the government of Panama took another step in its campaign to make the country foremost in the ranks of tax-*free, regulation havens for* freebooting businessmen and bankers. The reinsurance business has just been given special tax concessions and other privileges in the hope that the country can become a world reinsurance centre just as it has become an offshore banking and shipping centre.

The fact that the government of Brigadier-General Omar Torrijos, Panama's strong man, has given incentives to reinsurance business is largely the work of one of the country's most colourful businessmen, Juan Manuel Handal, who heads the Latin American Reinsurance Pool, a group of mainly Latin American Insurance companies lead by Cia Agricola de Seguros of Bogota, a powerful concern which has the backing of the Colombian coffee growers.

Handal's background is unusual his father and mother were born in Palestine when it was under Turkish rule and scarcely literate, they emigrated to Bolivia in the mid-1920s. They made a very decent living in the retail trade through a *mixture of hard work and the* Levantine gift for making good bargains. Handal jnr., though a drop-out from the local Jesuit college and American school, soon displayed the family gifts in commerce and before he was 30 had started an insurance company of his own. Things went awry, however, thanks to what he calls a "wrong move" by a relative he was working with, and Handal had to sell up many of his assets to meet the bills. Better opportunities beckoned in Panama.

Banging the Panama reinsurance drum has brought him to Britain; and he professes great admiration for the way in which London has kept its edge in the insurance world. "The difference between an insurance man in New York and one in London is that the former says, 'Why should I?' and the latter says 'Why not?' No other country could have gone on paying out claims through thick and thin like London has. The sense of fair play that you get in London can't be found anywhere else in *the world.*"

So London is grand, but Handal is also keen on China. He has already paid several visits to Peking.

"He's drinking his pre-Budget stock so he can hoard petrol in the empties."

For Fleming

Even though Robert Fleming, the City merchant bank with prudent Scottish roots, has just been appointed adviser to Sir Hugh Fraser's Scottish and Universal Investments in the hour of adversity, it tends to concen-*trate its energies away from the* occasionally bruising corporate sector and on fund management and advice.

An extension of activities was foreshadowed yesterday with the announcement that John Galvanoni, 42, is joining Fleming to run its new investment currency department. Dealing in investment dollars is one of the City's more esoteric fields: *Galvanoni was one of the crea*tors of the market and has worked with two of the three prime market makers.

He was 20 years at the Guinness Mahon banking group, where the investment currency work began; he left in 1972 to build up similar business at Kidder Peabody, London offshoot of the New York investment and brokerage house.

Robert Fleming is already operating in the investment currency market, but only on behalf of existing clients. Now *it wants to build up a specia*lity, encouraged by the fact that "Galvanoni became available," as the bank put it. Galvanoni himself said last night that he will be leaving Kidder with no rancour on either side; with his market's reputation for volatility, the day the doyen left Guinness Mahon could hardly have been that group's best, even though the gap was reportedly made good later by one of his former deputies.

Goodman threatening

The compromise nature of Denis Healey's cuts may have kept the Cabinet intact, but resignations elsewhere cannot be discounted, and first in line could be Lord Goodman.

Among his many other interests and activities, he is chairman of the Housing Corporation. The Chancellor announced that of the Corpora-*tion's allocation of housing* funds for 1977-78, put at just over £300m., about £57m. was to be axed, with a further £94m. to be lopped off the following year's total. In housing terms, the decision could mean anything up to 18,000 fewer new housing starts by the associations which rely on the Corporation for their funds.

It is not, however, just the severity of the impact on the Corporation—the cuts account for 5 per cent. of the total reduction in expenditure announced by Healey—but the manner in which it learnt of its fate which has annoyed Goodman.

He is, I gather, furious that he was called to the Department of the Environment after details of the cuts were revealed in the House and, expecting to see Secretary of State Peter Shore, he heard the Government's case from Reg Freeson, Minister for Housing and Con-*struction. Goodman sees that as* off-hand treatment. He has told colleagues that after an emergency meeting of the Board of the Corporation on Monday he plans to see Shore. It remains to be seen whether he goes ahead then with a threat to quit.

The fact that, only earlier this year, he was asked by the Government to stay on for a fourth year as chairman and continue the excellent work he had begun, has apparently rubbed salt into this week's wounds.

Ultimately unfortunate

Management consultancy jargon often verges on the ludicrous. A reader has received a letter from one consultancy which starts out in a reasonable way saying that a client has decided against offering a job to anyone on a short list of candidates he met recently. The letter adds: "Unfortunately, this means that on this occasion your ultimate candidature for this particular appointment will require to be concluded."

Observer

POLITICS TO-DAY

BY DAVID WATT

The Left's blindness to the reds' light

E CASE of Mr. Andy Bevan, Trotskyist—whose appoint- nt as National Youth Officer the Labour Party was con- ned on Wednesday by the 't wing majority of its ional Executive—is inteest- in all sorts of ways. To the noisseur, not the least of se is the fact that it drew n Mr. Anthony Wedgwood in a statement of such a sterly tendentiousness as n he can never have sur- sed.

particularly relished the ning of his case where he plains that there were *two* uments for cancelling Mr. an's appointment. The first that the National Union of our Organisers was protest- that one of its own members not chosen and that this efore made it impossible to eed with endorsement. The nd was that Mr. Bevan is a tant Marxist and therefore t for the job. "These two uments are, of course, mutu- contradictory," declaims Benn.

ere is real sublimity about "of course", a kind of moreal imperviousness to normal rules of discussion. e is nothing contradictory it the arguments whatever. are not even incompatible. are just different. And e is no earthly reason in why Mr. Bevan's appoint- t should not be objection- for the two reasons at once. NULO has *stated* that, as dy, it has no quarrel with Bevan's politics, only with fact that he was not one of s; but that disclaimer cer- y does not debar any right- Labour agent taking excep- to Mr. Bevan on both nds at the same time. One her argument, if sustained, d be enough to cook Mr. n's goose and in that case, presumably, his opponents would not bother with the other. But to use the word "contradictory" is one of Mr. Benn's little tricks.

He has some other, more serious, ones up his sleeve—the chief of which is to try to cast the mantle of a harmless, intellectual Marxism over all forms of Left-wing thought and action, including some that may not be harmless at all. This blurred distinction is one which the Labour Party itself has always made sharp in the past. For while it is perfectly true, as Mr. Benn says, that Marx has been accepted as a legiti- mate influence, the Party has never adopted violent, or even genuinely "revolutionary," im- plications from his doctrines—and has, indeed, consistently refused to have anything to do with parties and sects who have preached them.

'Class war'

Mr. Benn quite correctly cites the Social Democratic Federa- tion (a Marxist group) as one of the founding constituents of the Labour Party; but he fails to point out that the SDF was obliged to withdraw after only two years precisely because the Labour Party conference re- fused to accept the concept of "class war." Again, Mr. Benn implies that the Communist Party itself has been op- posed by Labour only because it has put up candidates against Labour in local and parliament- ary elections, and because of its association with repression in the USSR and Eastern Europe. He does not choose to mention that the reason the CP was re- fused affiliation by Labour in 1922 was because its aims were not judged by the conference to be in accord with the "consti- tution, principles and pro- gramme" of the Labour Party.

Subsequent history has shown that although there is no way of identifying individual Marxists within the Labour Party who carry their Marxism to revo- lutionary conclusions (since the handful who do so are usually wise enough to conceal the fact), the party as a body has kept its gradualist, demo- cratic doctrines intact. This immediately puts it at variance with revolutionary groups of all kinds whether Trotskyist, Stalinist, Maoist or any other variety.

But there is another, subtler, point here. The Labour Party, being an old-fashioned child of the trade unions, defines itself to a considerable extent, as they do, in terms of its own organisational integrity. It exhibits a marked preference for a rule book containing many precise and ponderous pro- cedures but one great rule above all the rest—"He who is not with us is against us." For this reason the party con- stitution turns a deliberate cold shoulder to all political organi- sations "having their own pro- gramme principles and policy for distinctive and separate propaganda." And having thus defined the enemy outside, it guards itself against organised infiltration by simply pronounc- ing that individuals who are already members of non- affiliated organisations cannot be members of the Labour Party.

There really are, therefore, two arguments against Mr. Bevan which are not only com- patible but are actually more closely related than they seem. And they are neither of them arguments that Mr. Benn meets at all. The first proposition advanced by Mr. Bevan's oppo-

Terry Kirk

Mr. Andy Bevan (left), the controversial Labour National Youth Officer, who was initially selected by a committee swayed by Mr. Ron Hayward, the party's secretary (right).

nents, on the basis of the paper produced for the National Executive, by the Labour National Agent a year ago, is that the Militant "tendency" as it calls itself with which Mr. Bevan has been (to use Mr. Benn's words) "closely asso- ciated," is a revolutionary group subscribing to Trotskyist prin- ciples at variance not only with the traditions of the Labour Party but even with what its publications call the "refor- mism" of the Tribune Group (not excluding, presumably Mr. Benn). In an individual mem- ber of the Labour Party these opinions might be tolerable par- ticularly if he kept his thoughts to himself; but Mr. Bevan was whosen as an important official and shows no sign of remaining silent.

The other argument is that the Militant tendency, in spite of its elusiveness, is indeed an "organisation having its own programme, principles and policy." The national agent produced much evidence to this effect which the NEC chose to ignore. If he is right, this makes the activities of the Militants, in a number of constituencies, not simply the action of bona fide pressure groups but a con- certed attempt by a single out- side group to attack the integ- rity of the Labour Party. If this, in turn, is true (and Mr. Benn does not say whether it is or not), then the chances of Mr. Bevan's appointment being a successful *coup* in the campaign are high.

Unsettled

It is this possibility which has really unsettled the National Union of Labour Organisers, as I understand it. They are, of course, in an industrial dispute with their employers and want to establish the principle that they are given first crack at senior party positions. But the fact is—as Mr. Benn has no dif- ficulty in showing—that Mr. Bevan's case does not give them much of a leg to stand on. The post of National Youth Officer of the Labour Party has not invariably gone to a party agent and NULO pressure to introduce a new rule to make this obliga- tory had not finally borne fruit when Mr. Bevan's selection was made.

What really puts the steam behind their protest is the feel- ing that far from being a party man, Mr. Bevan is, as most of them see it, a trouble-maker. His militant friends are trouble- makers. Their political views are far less important than their immediate objectives *vis à vis* the Party. Just as pre-war union leaders like, say, Ernest Bevin, loathed Communism in the first place because the Communists had tried to subvert his mem- bers and reduce his authority within the Transport and General Workers Union, so the modern party organiser, whether Marxist himself or far to the Right, has recognised an alien body within the walls and has instinctively moved to isolate it.

Short-sighted

The fact that they have failed to do so has virtually nothing to do with the technicalities of how Mr. Bevan came to be selected. Everyone knows that the original selection committee of three contained one centrist member of the NEC, who voted against the appointment; Mr. Ron Hayward, the Party Secre- tary, who voted *for* it (and has since admitted in private that he has made a mistake); and one trade unionist who allowed himself to be persuaded by Mr. Hayward. The appointment was provisionally passed by the NEC last October in a rush before the crucial vote on the social contract which the moderates won with the Chair- man's *casting vote*. But all this could and would have been swept aside on Wednesday if the permanent left-wing majority on the NEC had not been deter- mined to cash in on what they regard as an uncovenanted slice of good fortune. Votes in that body are invariably a mater of naked power and, as one old hand remarked the other day: "I have never known anyone change his vote in the NEC as a result of argument."

What is interesting therefore, is why the Left has chosen to turn a blind eye to the real dangers that exist to themselves as well as the party from the Militant attack. Some of them, pehaps two or three, are as near conventional Communists as makes no odds and it is sur- prising that the normal Com- munist antipathy to Trotskyists has not shown up. The Left- wing trade unionists, one would have thought, might also have taken exception to the trouble- making capacities of the Trot- skyists. The Tribune Left, who make up the rest of the 15 who voted on Wednesday in Mr. Bevan's favour, have also been denounced in Militant publica- tions and might have been ex- pected to see the red light. Why haven't they?

The answer is that they are *so obsessed by their battle with* the Right that they cannot see further than the next tactical victory. Their enemy's enemy is their friend. They want a Labour Party which is more class-orientated and less gradu- alist and they believe that any one pushing in that direction must be a useful ally even if his aims are extreme. No doubt this is good revolutionary tactics but it may not be good sense. So far, it is true, the Militants have not made more than scattered inroads and, as I argued a few *weeks ago, any scarey notion of* a Labour Party riddled with reds is vastly premature. Never- theless one is bound to wonder about the health of a party whose elected leaders ap- parently see no incongruity about handing over the educa- tion of the next generation of activists to a member of a group which ultimately wishes to destroy the party.

Letters to the Editor

ictims of iccess

the Deputy Chairman and ging Director of Standard phones and Cables.

—Merge or fade away— seems to be the message to United Kingdom's most ssful telecommunications ifacturing company from topber Lorenz's article ember 15). It seems a ge proposal that simply be- it is acknowledged to lead ield in research, manufac- g and manpower manage- Standard Telephones and s should make itself avail- for takeover by a Govern- chosen parent or that it d be prepared to be frozen f the market place entirely. C is the U.K.'s largest ex- r of telecommunications ment. It undertook the al development of TXE4, ting millions of pounds of n money on this country's iced electronically con- d telephone exchange, and w Britain's only manufac- with equipment in service. aboratories originated the nt ideas of using laser light ommunications over optical . About 70 per cent. of the 's undersea telephone cable ns—nearly all of them ex- ales—owe their existence to These are just a few of any activities that have en- STC to win the strong on it enjoys to-day.

TC is more successful than mpetitors, it seems a pity its success should be denied rest of the U.K.'s telecom- ations industry by forcing ompany to be taken over putting it out of the busi- The only reasons advanced he proposal is that STC t be trusted to keep com- ally secure and sensitive nation to itself.

such an idea was valid, it is unlikely that STC be engaged on any Gov- nt contracts or classified ch. The same could also id of other national ITT nies elsewhere.

Government should en- ge the U.K. telecommunica- manufacturers to export, o do this their primary ement is a strong home t where they can get ic prices for equipment an also sell overseas. This est be achieved with the help of the Post Office, should pay far more atten- to the exportability of nent that it requires manufacturers to make. rting the manufacturing ry now can bring enor- benefits to the Post Office e U.K. in the years ahead TC is more than prepared its full part as a member e British telecommunica- industry and help the where it can.

Corfield.

House, trand, W.C.2.

nticipating arliament

Mr. B. A. Lewis

—The latitude allowed to nment is no doubt very when expressed to the st ten million or so, but I evertheless intrigued by cent publicity surrounding onstruction of magnificent buildings (that is for ited chambers of govern- and wealth tax administra- and the appointment of ement teams to shipbuild- nd the aircraft industry; fore a single act of parlia- is in existence permitting implementation of the es.

ust confess that I thought in a democracy it was sary to wait for the approval of parliament before making decisions of this sort, but perhaps ministers have authority over the expenditure of our money which does not need the say-so of parliament?

B. A. Lewis,
47, Woodlands Avenue, New Malden, Surrey.

Inflation accounting

From Mr. R. S. Musgrave.

Sir, — Two arguments are going on in your columns which hinge on the same question, namely should a shrinkage in the real value of a liability due to inflation be shown in a set of accounts. Messrs. Harris and O'Regan (December 8) and others debate this in the abstract, while Mr. Campbell Jones (December 2 and 13), myself (November 28 and December 7) and others, debate the application of this question to council housing.

As to the first, may I support Messrs. Harris and O'Regan and suggest that if a liability has shrunk then it has shrunk and the debtor should credit his profit and loss account in some way with the amount involved, just as he debits same with a depreciation in value of his assets.

As to the effect of this on council housing, I repeat my assertion (December 7) that if the rate of interest and inflation are, say, 15 per cent., then the real rate of interest is 0 per cent. and not 15 per cent. and should be shown as 0 per cent. in a set of accounts and not 15 per cent. (This is just one way of crediting the above-mentioned shrinkage to P and L a/c.) I also enlarge on my assertion that it is perfectly proper in times of inflation to borrow money with which to pay interest on a loan since it is this that Mr. Campbell disputes.

If this is done with his £10,000 mortgage at 15 per cent. then the loan ends up, as he says, at £2.6m. after 40 years, but note that although he gets very excited about this figure, it is no more in real terms than the original £10,000 loan, if the rate of inflation is also 15 per cent. In fact, if he had read my letter more carefully he would have noticed that I suggested arranging for the *real* value of the loan to decline at the same rate as the house depreciated. Thus if one repays 2 or 3 per cent. of the loan per annum (and increases the amount of such repayment to keep pace with inflation), the loan appears to increase to a maximum in the six figures, though its real value is steadily declining, and is repaid completely in about 40-50 years, according to my calculations.

The calculations are complicated enough with the rate of interest and inflation equal to each other and constant from one year to the next. The position becomes nightmarish with varying rates for both, which is perhaps why building societies and Mr. Sandilands have shied away from the problem. But the problem will just have to be faced, because to pretend that the rate of interest is 15 per cent. when it is really about 0 per cent. gives a totally misleading picture of the cost of council housing and other areas of economic activity.

R. S. Musgrave.
24, Garden Avenue, Framwellgate Moor, Durham.

Search for reality

From The Financial Director, Acrow.

Sir,—I welcome Mr. Fletcher's first point (December 14. The Price of Current Cost), but take issue with him on his second point.

Most companies worth their salt have included some measure of inflation accounting in their management accounts for some time, in our own case for four years.

Our costings are similarly realistic, but have in no way impeded our export performance. Our interim results, published last month, showed an annual rate of exports of £67m., over 57 per cent. of our turnover. An efficently run organisation does not need to kid itself with its costings to be able to compete in world markets. There is nothing, unfortunately, theoretical about the high replacement cost of fixed assets and the consequent high depreciation charge that must be borne in respect of them, or the real cost to the business of using up raw material stocks to produce finished goods for sale.

But, having said that, and at the risk of appearing completely reactionary, are we to be any better off under CCA than under Historical Cost Accounting? Given that intelligent management is using realistic figures for costing—and intelligent management does *not* need a new mandatory form of accounting to tell it what its real costs are—would we be any worse off by leaving well alone (well, not well admittedly, but at least a system which has stood the test of time until inflation got it by the throat) and leave investors, analysts and the like who, I suspect, no less than accountants do not need CCA to tell them what the real position is, to enter the necessary caveat in their own minds, when considering a set of accounts?

If a company has increased its profit under HCA by 25 per cent. and the rate of inflation over the 12 months has been 15 per cent., is its real growth not 10 per cent., by and large?

And if anyone objects to those last three words, by and large is what we are going to finish up with at the end of the day under CCA.

Rather than meekly accepting inflation as a continuing fact of life by introducing, at considerable initial and continuing annual cost, a system of accounts to cater for it, and indeed, by so doing, increasing inflation for most of the work created will be unproductive, let us get down to the real problem, which is first to contain, and then to reduce, inflation itself.

R. W. Gourdie.
8, South Wharf, W.2.

Borrowing to pay debts

From Mr. A. P. Hutchinson

Sir,—Your correspondent Mr. Musgrave (December 7) epitomises all that is wrong with current economic thinking. His theory that one should "borrow the money to pay the interest" not only sounds absurd, it is absurd. I would ask what he intends doing when all his sources of finance turn round and say "no more." He clearly considers, in this case, that the tax/rate payer is some kind of bottomless pit of money. I consider that this is not the case. The crux of his argument is that a monetary profit arises from holding net monetary liabilities. I appreciate that this topic has been very fully debated in your columns. I will merely state that I am in the camp that does not agree with this argument.

Mr. Musgrave then goes on to state that the *debtor* has no worries provided that the real value of the asset depreciates at the same rate as the debt. I would ask if he has sold a house purchased in the last three years.

The debtor has, of course, one other avenue of hope, namely that he can meet the finance costs out of his earnings. In order to achieve this position and maintain it, his net disposable income must increase at the same rate as the rise in his personal cost of living index. With all the constraints of pay limits, social security tax and the like this is becoming impossible if you wish to remain in the same job.

No Mr. Musgrave, the time has surely come to borrow less not more. If we were all on a personal as well as government basis to live within our available resources then perhaps there is a way out of the jungle, since this would have the twin effects of reducing the money supply and therefore cutting inflation and providing industry, at reasonable cost, with the finance it needs to revitalise its productive capability.

A. P. Hutchinson.
84, Park End, Bromley, Kent.

Flags of convenience

From the Greek Minister of Mercantile Marine.

Sir,—I am referring to your issue of November 10, in which, under the title "U.K. merchant fleet still third largest" you highlight some statistical data furnished by Lloyd's Register of Shipping in its latest relevant publication.

In the same note, there is a personal comment of yours, regarding fleets which, during the period July, 1975-July, 1976, marked the highest recorded increase. The Greek fleet is, very reasonably included among these, but with the indication that it consists of a fleet flying a flag of convenience.

Without any counter-comments from my part, I would kindly ask you to inform me upon which criteria you place a flag as such of convenience, so that myself and everyone concerned in shipping matters might perhaps find an easy access to it.

Unless you have your own criteria (or unless you have based your assumption on purely false information or prejudice) I wish to provide you with six features which the United Kingdom Committee under Lord Rochdale (May, 1970) identified in their Inquiry into Shipping, common to flag of convenience countries:—

(1) The country of registry allows ownership and/or control of its merchant vessels by non-citizens.

(2) Access to the registry is easy. A ship may usually be registered at a consul's office abroad. Equally important, transfer from the registry at the owner's option is not restricted.

(3) Taxes on the income from the ships are not levied locally or are low. A registry fee and an annual fee, based on tonnage, are normally the only charges made. A guarantee or acceptable understanding regarding future freedom from taxation may also be given.

(4) The country of registry is a small power with no national requirement under any foreseeable circumstances for all the shipping registered (but receipts from very small charges on a large tonnage *may* produce a substantial effect on its national income and balance of payment).

(5) Manning of ships by non-nationals is freely permitted; and

(6) The country of registry has neither the power nor the effective administrative machinery to impose any national or international regulations; nor has the country the wish or the power to control the companies themselves.

Under the circumstances, and provided you are in agreement with the above features, I would be grateful if you were kind enough to inform me which of them apply in the case of the Greek Merchant Marine.

A. Papadogonas.
Piraeus, Greece.

To-day's Events

GENERAL

Retail price index for November published by Department of Employment.

National Coal Board and National Union of Mineworkers (although meeting on other issues) expected to exchange views informally on miners' vote for early retirement.

Mr. Piotr Jaroszewicz, Polish Prime Minister, ends three-day visit to U.K.

Session of European Parliament ends, Luxembourg (until January 10).

Sir Robin Gillett, Lord Mayor of London, attends Royal Society of St. George annual banquet, Mansion House, EC4.

Latest recommended posting date for Christmas parcels to be delivered within Britain.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Northern Ireland Orders and emergency provisions.

OFFICIAL STATISTICS

Gross domestic product (third quarter, provisional).

COMPANY RESULTS

Cavenham (half year). Wilkinson Match (half year).

COMPANY MEETINGS

Baldwin (H. J.), Winchester House, EC, 11.30. Berry Trust, Park House, 16, Finsbury Circus, EC, 12. British Debt Services, Manchester, 2. Brooke Bond Liebig, London Press Centre, EC, 11.30. Brycourt Investments, Selfridge Hotel, W, 12. Fundinvest, 117, Old Broad Street, EC, 3. G. R. (Holdings), Chartered Accountants' Hall, EC, 12. Hartley Baird, Winchester House, EC, 2.30. Hepworth (J.), Leeds, 11.15. Linread, Birmingham, 12. Manganese Bronze, 1, Love Lane, EC, 12.30. Pochin's, Middlewich, Cheshire, 12. Wolseley-Hughes, Droitwich, Worcestershire, 11.30.

OPERA

Royal Opera production of La Bohème, Covent Garden, WC2, 7.30 p.m.

English National Opera perform La Belle Hélène, Coliseum Theatre, WC2, 7.30 p.m.

BALLET

London Contemporary Dance Theatre in Just a Moment, Nema, and Nympheas, Sadler's Wells Theatre, EC1, 7.30 p.m.

MUSIC

Christmas music by City Singers, conducted by John Ewington, St. Paul's Cathedral, 12.30 p.m.

Carol recital by International Voluntary Service on steps of St. Paul's Cathedral, 1 p.m.

Hampstead Choral Society and London Bach Orchestra, conductor Martindale Sidwell, perform Bach Christmas Oratorio, Royal Festival Hall, SE1, 7.30 p.m.

COMPANY NEWS + COMMENT

Guthrie jumps to £4.7m. in first half

PROFITS before tax of **Guthrie Corporation** rose sharply from £1.31m to £4.69m. in the half-year ended June 30, 1976. Turnover increased from £101.71m. to £133.47m.

The directors say the group has made good progress in the first half and prospects for the second six months and for 1977 are promising.

The net interim dividend is lifted from 3p to 4p per £1 share. The total dividend for the year will be influenced by the tax position and prospects of the Corporation at the time of the announcement of the final.

Last year, the total dividend was 6.5p from pre-tax profits of £8.1m.

	First half 1976 £000	1975 £000
Turnover	133,470	101,710
Operating profit	[illegible]	[illegible]
Investment income	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Pre-tax profit	**4,693**	**1,510**
Tax	2,000	1,200
Net profit	[illegible]	[illegible]
Extraord. debit	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
Attrib. Ordinary	1,462	673

* Credit.

A breakdown of operating profit shows (£000's omitted): South East Asia £2,705 (£3,022), Europe loss £1,410 (loss £2,153), Pacific £2,005 (£558), North America £3,223 (£255) and International trading £1,453 (£747).

Profit increased despite continuing problems reflecting the European economic climate and a poor performance by Guthrie Berhad, the directors say.

An exchange gain arises from the restatement, at exchange rates ruling at the end of June, of net current assets held overseas at beginning of 1976. This gain totals £2,760,000 (of which minorities £514,000) but has not been included in results.

It is also proposed to increase borrowing powers. On the basis of existing capital and share premium account, maximum borrowings under existing articles are £75.45m. On the basis of the 1975 accounts new articles would make the limit £140.63m.

To remove an anomaly and to compensate preference shareholders for agreeing to the increase, it is proposed that preference shares be redesignated at 3.925 per cent. £1 cumulative preference shares and the rate of interest be increased from 3.675 per cent. to 3.925 per cent.

Since June 30, 1976 the Corporation's policy of disengaging from operations which have little prospect of viability has continued. Guthrie (South Africa) and Dura Undercushions in Canada are being sold and, as announced, steps have been taken to terminate the operations of Texac (formerly the Weill Division of the European Region) in France.

In each instance some terminal losses will arise. In the case of Texac the losses, for which provision will be made in the full year's accounts, will be heavy, the directors say.

The Pacific subsidiaries materially improved their performance in 1976 in the aggregate, but the outstanding performance was that of Sanyo-Guthrie, the joint company in Australia with Sanyo Electric Trading of Japan. In spite of more difficult trading conditions, Sanyo-Guthrie established new records in sales and profitability.

In North America Mindustrial Corporation had a very satisfactory first half and reported profits of Can.$1.23m. before tax, against little more than breakeven in the equivalent period of 1975.

● comment

The outlook has brightened considerably for **Guthrie Corporation**: the electrical interests in the Pacific area continue to forge ahead, existing North American interests have recovered with the economy there, and the acquisition of Ajax Magnethermic in the U.S.A., manufacturers of metal heating equipment, has proved a success. Europe has been the problem area and now several operations have been sold or run down. However, Guthrie is still trying to make a go of British Carpet and hopes that the British interests might be in profit next year—the company is striving to stop the unrelieved tax losses here. Increased confidence is shown by the interim dividend, up 1p to 4p and the shares rose 10p to 187p yesterday. There are no promises about the total dividends for the year but a return to the 1974 level of 11p would mean a prospective yield of 10.3 per cent.

HIGHLIGHTS

In line with market estimates **Distillers** is some 25 per cent. ahead with an increase in market share in the U.S. **MEPC** has seen an improvement in its revenue account but the fall in sterling has inflated overall borrowings while at **Burton** the losses are much in line with expectations but the dividend is less nominal than it could have been and the immediate future remains bleak. Lex also takes a look at the Monopolies Commission report on **Rank Xerox**. Elsewhere, **Northern Foods** has turned in a big profits gain helped by acquisitions and the rights issue proceeds although the underlying trend has been impressive. **Unigate**, on the other hand, has shown little change in profits with a very poor six months in cheese. A sharp recovery has been seen at **Guthrie** but Europe remains a depressed area while the strong growth at **Greenall Whitley** reflects the diversified interests of the group. **Matthew Hall** seems to have performed well in what must be regarded as very dull sectors.

Linfood midterm increase

SALES of **Linfood Holdings** improved from £99.29m. to £118.23m. in the 28 weeks ended November 6, 1976 and pre-tax profits were £1.81m. against £1.49m.

The net interim dividend is lifted from 4p to 5p per 25p share and the directors feel confident that current trading conditions will enable them to pay a maximum permitted final. The total last year was 14p from pre-tax profits of £3m.

Earnings per share for the first half are 11.5p (9.5p). After deferred tax of £951,000 (£797,000) the net balance is £857,000 against £693,000.

The group trades in wholesale, retail and cash and carry distribution. Guinness Peat Group has a substantial holding.

● comment

Linfood's profits rise of 21 per cent. is probably indicative of what the full year holds in store, and the company now looks on target to top £3½m. pre-tax. The wholesale food operation (Spar Voluntary) held its share of the market, helped by extreme weather conditions, which evidently keep shoppers from going to the high street, while the company's own Spar retail outlets progressed for the same reason. Cash-and-carry was also buoyant, though this really reflects a very dull comparable period, and the sector is still facing over-capacity. Still, food price inflation should continue at around 15 per cent. (Linfood reckons it had volume growth of about 3 per cent. in the first half) and margins should be under less pressure this year. However, this is probably all discounted in the shares, which have performed well despite yesterday's 2p fall to 205p, though the prospective yield of 11.9 per cent. is still above the average and the p/e is not that high at 8.9 for the year.

Greenall Whitley up £2.68m.

TAXABLE PROFITS of Greenall Whitley and Co., the Warrington brewery group, went ahead from £5.98m. to £8.66m. in the year ended September 24, 1976, following a rise from £2.33m. to £3.3m. at half time.

Earnings per 25p Ordinary share are up from 5.61p to 8.3p. The dividend is raised by the permitted maximum — from 2.1343p to 2.3477p net, with a final of 1.2805p.

Mr. Christopher Hatton, chairman, says that although profits are up 45 per cent. in money terms taking into account the effects of inflation the real growth of profits over the past four years has been only 2 per cent. per annum.

The year's performance was assisted by another long hot summer and by a reduction in bank interest.

The cash position improved during the year by over £4.5m. Capital investment proposals for the current year have been increased by 35 per cent. to over £10m. including new production plant to cover increasing trade, which will be commissioned in 1977. The programme of building new public houses and improving older houses and hotels continues.

Current trade remains at an encouraging level, reports Mr. Hatton.

	1975-76 £000	1974-75 £000
Turnover	55,243	49,440
Profit before tax	**8,656**	**5,983**
Charged—		
Repairs to props.	2,334	2,017
Depreciation	1,953	1,450
Interest payable	1,009	1,207
Credited—		
Investment income	285	189
Taxation	4,636	2,268
Net profit	4,020	3,715
Dividends	1,137,472	1,055,731

● comment

Greenall Whitley's profits are up 45 per cent. after an interim rise of 42 per cent. which really does underline how the company has become diversified. After the exceptional summer (Greenall's second half runs from March to September) outsiders might have expected a real boost to brewing profits. Indeed brewery profits were very good in the summer and the soft drinks side also did well but the wines and spirits division and hotel operation (aimed at business clients rather than tourists) is weighted towards the winter half. It really does seem time the company should give some breakdown of its trade, but meantime the results are very good: even the hotel division is bucking the industry trend, and the shares rose 3p to 52p yesterday. An improvement in the cash position is reflected in a 17 per cent. drop in interest payable, and Greenall reckons it can cover a large slice of its £10m. capital expenditure this year from cash flow, currently running at around £5m. The company sounds confident for this year and on a p/e of 6.1 and yield of 7.1 per cent. the shares should hold their rating without problem.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Associated Engineering		2.92	Feb. 14	2.66	4.02	3.66
Empress Services	int.	0.1	Jan. 28	0.2	—	0.3
Redman Heenan		0.98	April 1	1.0	1.63	1.0
Gateway Securities	int.	0.65	—	0.58	—	1.19
Burton Group		0.67	—	2.81	2.14	4.29
Charterhouse		2.18†	Feb. 24	2.18	3.36	3.05
Danks Gowerton	int.	0.7	Jan. 24	0.7	—	2.12
Deanson		1.89	—	1.89	1.89	1.89
Distillers	int.	2.01	Feb. 25	2.01	—	5.85
Edbro	int.	1.82	Jan. 28	1.65	—	5.00
Grenall Whitley		1.28	—	1.33	2.35	2.13
Guthrie	int.	4	April 4	3	—	6.5
Matthew Hall	int.	1.58	Feb. 14	1.43	—	5.76
Hardys and Hansons		4.6	March 7	3.9	6.4	5.5
Homfray		4.94	April 2	3.65	6.25‡	4.97
Howard Tenens	int.	0.74	May 2	0.74	—	1.69
J. and H. B. Jackson		0.24†	April 8	0.24	0.81†	0.46
Kennedy Smale	int.	0.65	April 4	0.65	—	1.37
Linfood	int.	5	Feb. 14	4	—	14
Lynton Holdings	int.	1.1	April 1	1.0	—	2.06
A. Monk	int.	1.25	—	1.25	—	4.28
Moran Tea		6	Feb. 4	4.36	9	5.76
Northern Foods		1.78	April 2	1.53	2.78	2.53
Plysu	int.	0.49	Feb. 4	0.44	—	1.18
Tex Abrasives	int.	0.65	Feb. 7	0.65	—	2.71
Trustee Corporation	int.	[illegible]	Feb. 8	1.2	—	3.4
Unigate	int.	1.21	April 1	1.1	—	2.77
Vaux Breweries	int.	5.2	Feb. 14	3.9	—	14.03
Wheelers Restaurants	int.	1.46	Jan. 21	1.33*	—	3.99*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

Redman Heenan doubles

SALES ROSE 23 per cent. from £23.76m. to £28.89m. and pre-tax profit more than doubled from £1,008,000 to £2,043,000 for specialised engineering group **Redman Heenan International** in the year ended September 30, 1976.

The diversity of engineering activities within the company has proved to be a source of strength in 1976 and should continue to stand it in good stead for the future, say the directors.

Increased investment in both product development and capital equipment has been planned for 1977, and further improvements in performance in the less profitable areas can be expected, while elsewhere profits should continue to expand, they add.

The final dividend is 0.975p net per 10p share, making the maximum permitted total for the year 1.625p, against last year's single payment of 1p.

Stated earnings per share for the year were higher at 12.7p (6.1p).

	1976 £000	1975 £000
Sales	28,889	23,757
Trading profit	2,236	1,335
Interest	193	327
Pre-tax profit	**2,043**	**1,008**
Taxation	141	92
Net profit	1,902	916
Extraord. credit	†61	25
Attributable	1,841	941
Dividends	234	161
Retained	1,387	780

† Charge reclosure of a Worcester fabricating facility.

● comment

Redman Heenan's 1975-76 surge to record profits can be attributed to three main factors: a 64 per cent. drop in interest charges, significant recoveries at three important subsidiaries (together accounting for 46 per cent. of turnover) and the completion of several major contracts by the environmental systems division. The latter division is finding new contracts hard to come by in the current year but elsewhere the intake of new orders for the group's specialised engineering products is at a higher level than last year, with an increase in exports making up for a slowdown in the U.K. Growth this year will inevitably be more modest, but there is still plenty recovery scope left in the main companies and there should also be some loss elimination to come this time following the recent closure of Heenan Coolers' fabrications side. The shares at 26½p are backed up by a yield of 9.9 per cent. and a fairly strong balance sheet. Borrowings are now down to 17.3 per cent. of net worth against 55.9 per cent. a year ago.

Upsurge at Wheelers Restaurants

ON TURNOVER up from £1.57m. to £2.1m., profits of Wheeler's Restaurants advanced from £152,290 to a record £253,730 in the half year to September 30, 1976, before tax of £136,000, against £81,000 and minorities.

The Board looks forward with confidence, members are told. Several opportunities for expansion have been examined, but none has reached the standard required. The company remains close.

The interim dividend is effectively lifted from 1.328p to 1.46p per 10p share. Last year's total was equal to 3.994p paid from pre-tax profits of £372,334.

Little change so far at E. Austin

E. Austin and Sons (London) reports turnover of £1.45m., against £1.36m. for the six months to September 30, 1976 and profits of £104,000, compared with £110,000 before tax of £54,000 (£57,200).

The directors hope the improving trends, which are already becoming apparent, will provide a better second half.

The interim dividend is up from 1.04p to 1.144p net per 25p share. Last year's total was 3.165p paid from pre-tax profits of £274,897.

The group's interests lie in materials handling and warehousing, cleaning materials and oil.

Hardys & Hansons tops £1.5m.

TURNOVER OF brewers etc., Hardys and Hansons rose from £6.67m. to £8.22m. for the year to October 1, 1976 and pre-tax profits advanced from £1,296,501 to £1,504,475 after £0.63m., against £0.54m., for the first half.

Full year earnings are shown to be up from 11.82p to 13.887p per 25p share before extraordinary items and the dividend total is lifted from 5.5p to 6.4p net with a final of 4.6p. The Board is of the opinion that the company is close.

Tax takes £802,591 (£697,961) while a net surplus on sales of fixed assets adds £114,830 (£60,612).

MEPC recovers to £5.5m.

A TURNROUND of £9.1m. from a loss of £3.65m. to a profit of £5.45m. is reported by MEPC, the large property group, for the year ended September 30, 1976.

After all charges including an appropriation of £1.74m. (£1.31m.) for depreciation on overseas properties there is a deficit attributable to Ordinary holders of £0.98m. against £5.66m. The loss per share is 0.9p (5.3p). A dividend of 0.1p has already been paid, solely to maintain trustee status.

After allowing for extraordinary items of £2.16m. (£4.69m.)—mainly reflecting provision for the loss on the sale of a subsidiary of £4.35m.—a net reduction in property values of £3.38m. (£33.19m.) and bringing credits of £3.63m. (£3.59m.)—mainly net currency gains—there has been a net increase in reserves of £2m. to £214.4m. compared with a reduction of £45m. last year.

Sir Gerald Thorley, chairman, points out that the 1975 accounts reflected very large losses from residential property in the U.K. It has been necessary to charge a further loss in the revenue account for 1975-76 and the group now has to achieve a further £5m. of sales before the end of this unhappy chapter can be seen.

	1975-76 £000	1974-75 £000
Gross rental income	52,737	41,238
Residential dev. loss	1,555	5,081
Other revenue	7,074	8,807
Making	58,256	44,884
Property outgoings, etc.	21,825	18,390
Loans and debts provis.	530	2,942
Cost of finance	34,236	33,354
Leaving loss	25	18,112
Transfer	5,441	8,411
Share of associates	11	55
Earnings before tax	5,450	3,646
Taxation	3,983	277
Net earnings	1,537	†3,923
Minorities*	728	335
Preference dividend	88	88
Deprec. overseas prop.	1,742	1,318
Attrib. loss Ordinary	981	5,656
Dividends	107	—
Extra-ord. debits	2,162	4,691
Reduction propy. values	3,378	33,196
Other credits	3,633	3,569
Reserves	214,402	212,398

† Loss.

On group finance, the chairman says policy continues to be one of caution. During the year new loans, representing for the most part drawings of existing facilities for the Discovery Bay and Eurohaus developments, total £31m. At the same time no less than the equivalent of £89m. was repaid.

This policy of de-gearing is not immediately evident from the accounts as the remaining loans appear at higher figures in the Balance Sheet due to the deterioration of the pound during 1975-76. Instead of reporting, therefore, a net decrease in borrowings of £38m., it appears that there has been an increase of £17m. The result is entirely due to the weakness of sterling. The exchange fluctuation in group borrowing of £55m. is however, balanced by a corresponding increase in group property assets of £58m.

The programme of sale of investment properties has continued during the year and £16m. has been realised in the U.K.

Contractual capital commitments increased during the year from £25m. to £29.5m. However, £12.3m. of current commitments relates to Exchange Centre where commitments have been assumed in line with the policy of proceeding with construction only where satisfactory funding has been obtained. In the U.K. c[...]ments have now been r[...] from £10.9m. to £6.6m.

Sir Gerald states that th[e com]pany continues to enjo[y sub]stantial unsecured ov[erdraft] facilities in both the U.[K.,] Canada and at September [...] unsecured standby facil[ities] $US36m. remained undraw[n].

Looking overseas, the ch[airman] says the principal sub[sidiary] MEPC Canada, prospered i[n ...]. Earnings and cash flow sho[wed an] increase of 11.4 per cen[t. and] 15.5 per cent. respectively. [The] company remained in a [strong] financial position and ente[rs ...] with significant resources [avail]able for new investment.

Useful progress has als[o been] made in MEPC America. [...] subsidiaries together now a[ccount] for 24 per cent. of the p[...] investments.

A professional revaluat[ion of] investment properties at [...] 31, 1976, showed a small [...] of £4.4m. compared with n[...] value after deducting the [provi]sion of £45m. made at Sep[tember] 30, 1975.

As regards development [proper]ties, those in course of c[...]ment have a book va[lue of] £82.2m. and while due [to cur]rent conditions no a[...] valuation can be made, th[e direc]tors feel that they have a[n] estimated value of some [...] cent. to 20 per cent. belo[w book] value. Those held for [...]ment stand in the bo[oks at] £88.8m. and the directors believe that it is practic[...] current conditions to plac[e ...]able valuation on them.

Sir Gerald says that th[...] still has problems to [...] before it can return to [...]tory earnings. Current [in]terest rates and diminish[...] of the £ are beyond co[ntrol. To] the extent that we are [...] masters, we are carrying [...] for recovery which, view[ed real]istically, cannot be achieve[d ...] than the surrounding [...] allows."

Meeting, Dorchester H[otel], January 26 at noon.

Statement, Page
See Lex

Hill Samuel pensions

Hill Samuel Life Assur[ance ...] introducing a new pensi[on ...] for the self-employed, the [...] Retirement Plan, the f[...] that the company has ent[ered the] field completely.

It is a regular premi[um ...] minimum contribution [...] year, but investors can [...] amounts each year acc[ording to] circumstances. For invest[ors ...] age 50 at outset, the whe[...] contributions are invest[ed ...] older investors the prop[...] reduced for the initial [...]

Investment is made [...] the Hill Samuel Pension [Guaran]teed Fund or the Hi[ll Samuel] Pensions Managed Fun[d ...] vestor has the choice [...] with each contribution, [and can] switch at any time. At [...] the investor can take a [pen]sion or one which st[arts at a] lower level but increas[es up] to 5 per cent. per an[num ...] pound.

Tex Abrasives profit setback

Though sales advanced 23 per cent. from £1.7m. to £2.09m. for Tex Abrasives in the six months to September 30, 1976, pre-tax profit slipped from £131,727 to £104,691. This was not unexpected, says Mr. L. Evelyn-Jones, the chairman.

As is usual turnover and profit for the second half will almost certainly be greater than for the first half, but it seems unlikely they will be sufficient for the full year profit to match last year's £281,760, comments Mr. Evelyn-Jones. However, he is hopeful that the total will not fall very far short.

Stated earnings per 10p share declined to 2.2p (3.0p) and the interim dividend is held at 0.65p net, taking £13,934. Last year's total payment was 2.70675p.

The net balance after tax of £58,000 (£66,800), was £46,691 (£64,927).

Besides continuing inflation, the major cause for the fall in profits was the fluctuation of the sterling/deutsche mark exchange rate. The value of sterling fell by approximately 15 per cent. during the period, resulting in a vast increase in the cost of the majority of the company's raw materials.

The problem was not helped by the subsidiary in the Irish Republic, which appeared to find conditions even more depressed than in the U.K. and which buys raw materials from the same source in West Germany. Nor was the problem helped by the Northern Ireland subsidiary which made a loss, says Mr. Evelyn-Jones.

Results at Tex Abrasives (Machines) reflected the lack of investment in machine tools throughout industry, he says.

The chairman hopes that by the end of the current year all three subsidiaries will have contributed to group profits.

The sales of coated abrasives and ancillary products are continuing to increase but the margins have been reduced and action is being taken to increase them.

NORTH NORFOLK

The North Norfolk Railway Company is proposing to raise £13,420 by a rights issue of one new share for every two held at the par value of £1 a share.

The projected expenditure for 1977 is £24,000, of which more than £4,000 is to be spent on repayment of short-term borrowings. The rights issue will be payable in full on acceptance not later than January 28, 1977.

A. Arenson improves

Confirmation was given at yesterday's annual meeting that A. Arenson (Holdings) was once again trading profitably—both in the office furniture and domestic furniture divisions.

Mr. A. Arenson, chairman, said order intake, sales and production continued to run at the higher levels mentioned in his annual statement.

An excellent response had been received for the new "S" range orthopaedic seating introduced last month. As a result certain production changes and production rationalisations were being made in the seating division to accommodate the increased demand.

Moran Tea profit cut but paying more

Subject to formal Treasury approval **Moran Tea Holdings** is stepping up its dividend total from 5.76p to 9p for the year ended March 31, 1976, with a final of 6p.

Profit was sharply lower at £141,710 compared with £263,773, before tax of £62,882 (£123,367).

In November, when anouncing that the accounts for 1975-76 had been delayed, the directors said that although the profit was not likely to exceed that of the previous year they expected to be able to at least maintain the total dividend.

Progress at Wace Group

The Wace Group of printing plate suppliers, etc., lifted pre-tax profits from £36,300 to £70,800 in the first half of 1976 on turnover of £918,400 against £799,800.

The interim dividend is raised from 0.4p to 0.48p net per 20p share. Last year's total was 0.9637p paid from pre-tax profits of £31,194.

After tax of £31,500 (£17,400), extraordinary items, of £11,690 (nil) and minorities, the attributable balance is up from £16,450 to £25,160.

The directors state that profits have been maintained at a higher level than in normally the case in the second half. Investment in new processes and techniques is making a significant contribution to group profits.

The company has acquired a controlling interest in a toy manufacturing and litho company with in-plant printing facilities. Consideration for the 65 per cent. interest of Gainsborough Press is £16,965.

صورة عن الأصل

EPC £5.5m

هكذا من الأصل

Distillers tops £53m. midway

ROFITS before tax up from 2.51m. to £53.23m. are reported by the Distillers Co. for the first half year ended September 30, 976. Turnover amounted to 376.08m. against £341.21m.

The Board states that sales of Scotch whisky and gin in home and overseas markets have been encouraging during the past ten weeks. Prospects for the year as a whole continue to be viewed with reasonable confidence notwithstanding the duty increase which must tend to restrict home market sales in the final quarter.

The net interim dividend is again 2.0125p per 50p share. Last year's total was 5.853p when pre-tax profits were £90.83m.

	—Half year— 1976 £000	1975 £000
Turnover	376,078	341,207
Trading profit*	56,024	45,952
plus realisn. invest.	854	1,694
Investment income	1,395	1,481
Financial charges	7,143	6,632
Profit before tax	53,230	42,505
Tax	29,900	22,400
Minorities	160	106
Associates profit	509	408
Extra-ord. credits	1,851	†523
Attributable	25,559	19,384

After depreciation £4.38m. (£4.13m.), exchange losses on loans £5.7m. (£3.01m.) after crediting other exchange gains and losses £2.83m. (£1.7m.). † Debit.

Financial charges comprise—interest charges on loans £8.11m. (£5.73m.); interest earned on liquid funds £2.27m. (£0.95m.) and gains on liquid funds invested in Treasury stocks £1.31m. (nil).

Extraordinary items comprise—expenditure and commitments relating to settlement of thalidomide claims £265,000 (£523,000) and amount recovered under agreed settlement of insurance claims relating to thalidomide, less attributable tax £2.12m. (nil).

The improvement in trading profit reflects increased sterling income from sales to the U.S. invoiced in dollars and higher selling prices elsewhere. The food group and carbon dioxide company each contributed additional profits.

Following the recent devaluations of the Australian and New Zealand currencies the conversion of net current assets in those countries into sterling now shows an exchange loss compared with the position at September 30. Had these devaluations taken place prior to that date the profit before tax for the six months would have been reduced by some £1.5m.

Depletions of Scotch whisky in the U.S. were disappointing. However, shipments of group brands to that country and to world markets generally were above those in the same period last year.

In the U.K. sales of Scotch whisky remain depressed and the group's market share showed no more than a gradual improvement from the low level experienced in the second half of last year. Industry and group gin sales in the U.K. fared rather better and group export shipments were encouraging, the directors state.

Matthew Hall expects to reach at least £4m.

JUMP in profits from £2.74m. to not less than £4m. is forecast by Matthew Hall and Co., the industrial engineering group, for 1976.

In the first nine months last year's total has already been exceeded, a profit of £2.95m. comparing with £1.52m. for the same period of 1975.

Sir Rupert Speir, chairman, says the group has again exceeded expectations, especially in its mechanical and electrical services activities, which have maintained existing operations and developed new fields successfully, despite the low level of activity in the industry.

Opportunities overseas are being explored, particularly in the Middle East and in Africa. The Australian subsidiary has again made a significant contribution and has shown a steady improvement.

The engineering companies also made great progress during the year and are expanding activities in process plant and engineering operations.

In Holland profits will exceed those of the previous year, but investment in Belgium is currently at a low ebb. Australia is still affected by the difficult economic climate but there are signs of a recovery particularly in mining.

Referring to SSAP9, which comes into effect this year, Sir Rupert says that the Board has certain reservations as to the wisdom of adopting mandatory methods of valuing long-term contracts in order to bring in amounts of profits based on opinions and hopes. However, it is intended to comply with SSAP9 in the 1976 accounts, "particular regard being given to the exercise of prudence in assessing profit attributable to contracts in progress."

The group has evaluated the effect that the bases set out in SSAP9 would have had on 1975 and 1976 interim results. While this produced a figure marginally in excess of the profit shown, the figures would not have been significantly changed. This is because profit will not be anticipated before it can be assessed with reasonable certainty.

The interim dividend is increased from 1.433p to 1.5763p net—the total for 1975 was 5.7643p.

● comment

Followers of Matthew Hall can hardly complain with a 68¼ per cent. increase in profits from mechanical and electrical services and an 81 per cent. jump from oil and chemical engineering. Moreover improving liquidity has pushed interest receivable up by over four times and pre-tax profits are 94 per cent. higher, and the forecast for the year of £4m. is a rise of 46 per cent. Profits, taken on contract completions, may distort the picture, although the company reckons that completions were fairly evenly spread. So the group seems to be moving ahead on all fronts despite any depression in the U.K. construction industry, and the current order book is above this time last year, and worth about 18 months' work. The group has made big inroads into the North Sea development, and is attempting to build on that worldwide: a contract is expected in India very soon. At 85p the shares are standing on a prospective p/e of just over 5 while the yield is 11½ per cent., and the return on assets somewhere over last year's 32 per cent.

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Loss at Burton—dividend halved

WITH A second half loss of £3.4m. compared with profits of £0.55m., the Burton Group of retailers, men's outwear manufacturers and property managers, finished the year to August 28, 1976, with a pre-tax deficit of £1.35m. against profits of £2.5m.

The loss per 50p share is shown at 3.79p (earnings 6.34p) before extraordinary items and at 0.13p (earnings 7.2p) fully diluted.

The Board recommends a final dividend of 0.66539p per 50p share bringing the total to 2.14274p per share, half last year's total payment of 4.28548p. But for the Board's confidence in the medium and long-term profitability, the final would not have been paid, says Mr. L. O. Rice, the new chairman.

	1975-76 £000	1974-75 £000
Turnover including VAT	145,763	146,094
Menswear	84,295	85,423
Womenswear	22,571	23,712
Office and Leisure	22,390	23,039
Overseas	16,507	14,320
Operating profit	1,170	5,445
Menswear retailing	1,423	4,221
M'wear. manuf. loss	1,377	704
Womenswear	775	735
Office and leisure loss	1,759	894
Overseas loss	1,001	771
Prop. income†	3,107	3,056
Other net costs	728	*33
Interest	4,567	4,328
From property sales	2,753	1,153
Loss before tax	1,352	*2,503
Tax	—	119
Net loss	1,352	*2,384
Minorities	37	60
Extraordinary debits	2,072	673
Attributable loss	3,461	*1,651
Interim dividend	541	541
Proposed final	244	1,029

† Including MBPI, less management and services costs. * Profits.

Other costs were made up of closure costs and redundancy payments of £1.12m. (£1.2m.) and reorganisation and development expenses of £641,000 (£250,000) less Loan Stock redemption profits of £1.02m. (£1.63m.).

Extraordinary items comprise an unrealised exchange deficit arising on conversion of net overseas borrowings of £1.06m. (£0.67m.) net of the gain on conversion of overseas assets and provisions of £1.01m. (nil) for the losses on disposal of Greens Leisure Centres and further rationalisation overseas.

Mr. Rice says the unsatisfactory results reflect a year of extremely difficult trading conditions for most businesses, as well as the short-term cost of, and provision for, important changes to improve prospects.

By the end of November the group had dealt with businesses which in 1975-76 had been responsible for operating losses of £3.4m.: Ryman and Peter Robinson were turned to profit; the loss-making Greens business was sold for £1.7m. cash; and the unprofitable Orange Hand was closed. Browns of Chester was also sold for £3.5m., although it had recovered from the 1974-75 loss.

The economic situation and the long, hot summer reduced the volume of menswear sales for the third year. The decline was especially steep in suits, which are largely manufactured in the group's own factories and this was the main reason for the large manufacturing loss, which was increased by the short-term cost of investing in major improvements in methods, equipment and design.

In womenswear, Top Shop was again the star performer, and has considerable potential for further growth. Now that Peter Robinson is profitable and Evans, with the help of its expanding mail order business, continues to be a stable company, the outlook for profit growth in womenswear is good.

A fundamental reshape of Ryman's commercial strategy, which included the sale for £1m. of its northern, furniture orientated operation, has put it on a profitable basis in the current year.

In France the business has been rationalised by reducing headquarters staff, closing unprofitable shops and withdrawing from the French cloth merchanting business. These steps have increased the trading loss by £0.4m. In addition, provisions for further rationalisation on the Continent of £0.6m. have been made.

An internal professional valuation puts the value of group properties, as at August 28, 1976, at about 5 per cent. less than the £109m. in the 1975-76 balance-sheet. During the year the group sold properties for £11.4m., of which nearly £4m. was used for the acquisition of the public minority holding in Montague Burton Property Investments and a further £1.8m. reinvested in property development. The sales resulted in an excess over book value of £2.8m.

Group liquidity was improved: borrowings were reduced by £9.4m., including a £6.8m. reduction in overdraft and short-term loans and stocks were reduced by £5.8m.

The Swiss franc loan of £4.6m. has been repaid reducing the risk of changing exchange rates.

Cumulative sales for the first 15 weeks of the current year have been 1 per cent. above last year, or 5 per cent. if businesses sold during the year are excluded. Since November 1, the sales trend has been better, members are told.

Midway rise for Kennedy Smale

An increase from £101,299 to £121,564 pre-tax profit is reported by Kennedy Smale for the first six months to September 30, 1976 and the directors anticipate a similar improvement in the second half.

They also intend to declare in due course an unchanged interim dividend of 0.65p net and to follow this with a maintained final of 0.715p payable next October.

Sales for the half-year improved from £728,961 to £742,323. The profit is struck before tax of £63,214 (£52,676) and minorities £9,264 (£5,050).

For the year to March 31, 1976, pre-tax profit totalled £209,607. The group trades as engineers with interests in control equipment and textile machinery.

Upsurge at Plysu

IN THE 28 weeks ended October 15, 1976 Plysu, the plastic container and domestic ware group, has turned in profits more than doubled at £490,000 compared with £224,000, bringing them within £53,000 of the record total for 1975-76.

With demand continuing at a record level the directors look forward to maintaining the present rate of growth through this financial year and well into the future.

The interim dividend is raised from 0.442p to 0.486p net—it has been waived on 731,400 shares. The total for 1975-76 was 1.1261p.

Group turnover showed a rise from £3.22m. to £4.98m. After tax of £255,000 (£116,000) the net profit emerged at £235,000 compared with £108,000.

The improvement in demand during the second half for the products of the containers division has continued and the group has been able to utilise fully the extra production capacity initiated eighteen months ago. "As a result we have seen a rise in group sales of 55 per cent., giving a substantial increase in profit."

The housewares activity is still suffering from economic conditions and, for the time being, there appears only limited scope for profitable growth. However, the directors are looking for a continuing expansion in the market for 2½ and 5 litre containers.

● comment

Plysu's 118 per cent. interim profits growth on a 55 per cent. rise in turnover is due to strong demand for plastic containers. Capacity on this side (that accounts for 70 per cent. of turnover) has been increased some 30 per cent. with another 50 per cent. still to come. Now even the oldest machine in only seven years of age. Behind this demand is a changeover in industry to plastic (rather than metal) packs, for easier storage, metric conversion and to help the end consumer, too. Apparently demand is price insensitive, for the price of the basic commodity, polyethylene, has risen more than threefold since 1973 without affecting demand. On current trends Plysu could double first-half profits for a prospective p/e of 5.1 at 42p (up 2p). The only lag on the shares is the maximum yield of 4.6 per cent.—too low for even a growth stock thesedays.

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RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times covered	Gross Yield	P.E. Ratio
—	F.P.	—	318½	291½	Utd. Technologies US$5	£31¼	+⅛	Q$1.20	—	2.4	—
—	F.P.	7/1	202	183	Willis Faber 25p	197	......	57.0	2.4	5.5	11.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
‡‡	F.P.	—	£97½	£97½	Adams Foods 15% Conv. 1981-83	97½	......
††£94	£10	—	13½	11½	Essex Water 9% Red. Pref. 1982	13½	+½
$US100½	F.P.	—	$99¼	$99	Gotaverken AB 9% Guar. Notes 1982	$99¼	......
$US100	F.P.	—	$98¾	$98½	Gotaverken AB 8½% Guar. Bds 1985	$98¾	......
$US100	—	—	$98¾	$98½	I.U. O'seas Finance 9% Guar. Bds 1983	$98¾	......
$US100	F.P.	—	$100	$98½	Kockums Mek 8% Guar. Notes 1983	$98¾	......
KD99½	F.P.	—	KD98½	KD98	Korea Development Bk. 8½% Guar. Bonds 1979	KD98½	......
KD99½	F.P.	—	KD97	KD97	Korea Development Bk. 9½% Guar. Bonds 1981	KD97	......
$US100	F.P.	—	$100	$98	Midland Int. Fin. 8% Guar. Bds 1986	$99	......
‡‡	F.P.	1/12	71	70	Newman Inds. 10% Cum. Pref.	70	......
$c100	F.P.	—	$c99½	$c99	Nova Scotia (Prov. of) 9% Db. 1983	$c99½	......
$US10	F.P.	—	$100	$99	Polysar 9¾% Deb. Series 'D' 1986	$99¼	......
$US990	F.P.	—	$99½	$98	Sth. of Scotland Elec. 8½% Guar. Notes 1981	$99½	......
C99½	F.P.	—	$99½	$98	Sodra Skogsagarna 9½% Guar. Bds. 1988	$99¼	......
††£94	F.P.	7/1	96	94¼	Tendring Hundred W'works 9% Red Pf. 1981	96	......
$US100	—	—	$96½	$96½	Urquijo Intl. Guar. Float Rates Notes '81	$96½	......
—	F.P.	7/1	76½	71	Willis Faber 7% Cum. Pref.	72	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates		1976 High	1976 Low	Stock	Closing Prices p	+ or −
54	F.P.	10/12	28/1	75½	68	Assoc. Engineering	74½	−½
$A4	$A2	—	3/12	560	375	Broken Hill Props.	485	−35
62	Nil	20/12	10/1	23	8	Chloride Group	20½	−1½
11	F.P.	6/12	7/1	15	11½	Cray Electronic	15	......
$A1.75	F.P.	3/12	17/12	232	189	National Bank of Australasia	232	+4
$A1.20	F.P.	16/6	—	197	126	Western Mining	142	+2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. Q Gross. ‡ Figures assumed. † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ❋ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ✢ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ● Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † provisional or partly-paid allotment letters. § With warrants. ⊕ After suspension. KD Kuwait Dinar.

Growth at National and Commercial Banking

WIDER INTEREST rate margins, almost unchanged volumes of sterling deposits and advances, and overall costs rising in line with inflation, were the three features of the 1975-76 operations of the National and Commercial Banking Group.

Sir James Blair-Cunynghame, chairman, explains that while the average base rate on a daily basis was lower, at 10.39 per cent., compared with 10.74 per cent. in the previous year, the margin between the retail deposit rate and base rate was 4 per cent. for nearly the whole of the year. It was reduced to 3.5 per cent. in the middle of September.

The total of sterling deposits was only slightly higher at the end of the year than in September 1975, while sterling advances also increased marginally. This reflected the severe recession and absence of the business confidence and prospects of profitability necessary to increase investment. Within these figures there was a rise in sterling current account balances and a closely corresponding reduction in higher cost bid deposits.

In the Royal Bank of Scotland Group the operating profit in 1975-76, excluding associates rose by 46 per cent. to £31.47m. Average sterling deposits remained virtually unchanged at £1.09bn. while there has been an increase of 58 per cent. in the sterling value of average currency deposits from £140m. to £223m. Average sterling advances have fallen slightly from £786m. to £762m. while the sterling equivalent of average currency advances increased by 53 per cent. from £139m. to £212m.

Williams and Glyn's Bank Group's operating profit, excluding associates, of £20.18m. shows a rise of 82 per cent. Average sterling deposits have fallen by 5 per cent. from £877m. to £836m., although the share of current account balances has increased, while average currency deposits rose by 18 per cent. from a sterling equivalent of £564m. to £666m. Average sterling advances have risen by 4 per cent. from £696m. to £723m. and average currency advances have gone up from a sterling equivalent of £411m. to £526m., or 28 per cent.

The chairman says that the development of North Sea oil has continued to provide new business for the Royal Bank of Scotland during the past year but the pace of expansion has been noticeably slower. This was not unexpected since it was recognised that the oil companies would concentrate on the earliest discovered fields before the second phase of exploration and extraction began.

At Williams and Glyn's growth on international activities was restricted by the continued fall in sterling and the desirability of preserving a reasonable balance between the levels of sterling and currency assets. The bank has continued to maintain its reputation as one of the leading providers of export finance under the guarantees of the ECGD.

Total assets of the group expanded from £3.34bn. to £3.67bn. in the year ended September 30, 1976. At the year-end deposits stood at £3.18bn. (£2.91bn.), while advances amounted to £2.33bn. (£2.17bn.).

Lloyds Bank holds 16.37 per cent. of the equity.

Meeting Edinburgh January 13 at noon.

Edbro up to £1.8m. midway

IN LINE with the forecast made at the AGM, profits more than doubled from £884,000 to £1.77m. are turned in by Edbro Holdings for the six months ended September 30, 1976: and for the second half a comparable result is forecast.

Earnings per 25p share are up from 6.31p to 12.44p and the interim dividend is raised by the permitted maximum—from 1.65p to 1.82p net. The total for 1975-1976 was 5.0875p paid from profits of £2.54m.

Mr. L. V. Tindale, chairman, reports that order intake has fallen off and there is increasing evidence of a slackening in world-wide demand, particularly evident in orders from overseas. Home demand has been depressed for some time, and there are all the signs of overstocking in most territories.

Despite this he believes that the results of the second half will be broadly comparable with those of the first six months.

The installation of new equipment is continuing both with a view to decreasing costs and to giving increased capacity to eliminate shortages which have continued in certain areas of product range. The group's financial position continues to be strong.

Six months	1976 £000	1975 £000
Turnover	11,699	8,296
Trading profit	1,780	938
Net interest	4	54
Profit before tax	1,777	884
Taxation	900	439
Net profit	877	445

Unrealised exchange rate adjustments on net assets overseas have been added to reserves in accordance with policy, and have not been included in profits. † Received (charged).

Northern Foods reaches £15.14m.

TURNOVER for the year to September 30, 1976, of Northern Foods expanded from £183m. to £206.9m. and pre-tax profits jumped from £9.38m. to a peak £15.14m.

Full year earnings are shown to be up from 7.88p to 9.37p per 25p share and the dividend total is lifted from 2.528p to the maximum permitted 2.78p net with a final payment of 1.78p.

On the liquid milk side further progress was made resulting from extensive rationalisation and capital investment, with some benefit starting to flow from the acquisition of Clover.

Further investment in milk manufacture resulted in improved profits but a still inadequate return on capital.

An improvement of over £7m. in liquidity resulted in a substantial increase in investment income and a reduction in borrowing costs.

Capital investment continues to be extensive but is well covered by self generated funds.

The directors state that profits in the early months of the current year are ahead of 1975-76 and are expected to remain so for the first half. However, they say it is impossible to forecast for the full year because of the possible effects on sales of substantial price increases in the dairy and baking industries.

• comment

Northern Foods is 61 per cent. ahead pre-tax. Something over two-fifths of the year's growth stems from the Clover acquisition plus the impact of 1975's rights issue proceeds, but clearly there has also been an impressive underlying gain — despite the weakness of demand fo rliquid milk during much of the period. Milk volume since September looks to have fallen by more than 3 per cent. and a further price rise next month can surely only add to consumer resistance. But the new target rate of profit for the dairy industry could provide some useful retrospective margin awards in 1976-77. And NF itself is confident enough about further earnings progress, at least for the opening six months. The finance company might be down this year but brewing, and baking should stay ahead. At 63p, the shares yield a well-covered 7 per cent., but the p/e is over 8.

Unigate steady at halfway

PROFITS before tax of Unigate were little changed at £9.4m. against £9.8m., for the 24 weeks ended September 11, 1976, on turnover of £383m. (£314m.).

Earnings per share are 2.46p (2.31p) and the net interim dividend is lifted from 1.1p to 1.21p. The previous total was 2.77185p from pre-tax profits of £21.6m.

The first-half profit is struck after similar £0.4m. retrospective margin awards in respect of prior years, associate companies £0.1m. (same), and interest payable of £2.4m. (£2.6m.).

• comment

Solid growth overseas is balanced at Unigate by a less impressive performance at home where profits look to have dropped by almost a sixth to judge by the U.K. tax charge. Milk profits made scant headway in the half-year under the impact of a falling sales volume, but the main problem has been a depressed cheese market. Meat is ahead with Bowyers (sausages, pies) offsetting continuing problems at Scott (cooked meats), and the engineering operations have made a steady start to the year. Demand for milk is now very flat indeed. There is the prospect of some useful retrospective margin awards but at 41p a well-covered prospective yield of 11.8 per cent. is resigned to a year of marginal earnings growth.

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Assoc. Engineering on target with 55% jump

AT £21.35m., PROFITS of Associated Engineering for the year ended September 30, 1976 are marginally better than the estimate of £21m. made a month ago at the time of the £9.5m. rights issue. Compared with 1974-75 they represent an advance of 55.6 per cent.

In terms of margins the profit before interest of £25.4m. (£18.63m.) represents an increase from 8.9 to 10.1 per cent. on sales ahead from £208.61m. to £252.31m.

At the net attributable level profits emerged 59.5 per cent. up at £9.98m. producing earnings per 25p share of 13.6p against 10.0p. As foreshadowed at the time of issue the final dividend is 2.92p raising the total from 3.66p to 4.02p.

In a lengthy statement accompanying the results Mr. J. N. Ferguson, chairman, confirms what he said last month that based on current order books and expected demand he anticipated a further significant increase in profits for 1976-77; and with Treasury approval it was intended to lift the dividend total to 4.62p.

	1975-76 £000	1974-75 £000
Sales	252,305	208,609
Profits before interest	25,396	18,632
Net interest payable	4,043	4,905
Profit before tax†	21,353	13,727
Taxation	10,585	6,825
Net profit	10,768	6,902
Minority	614	472
Preference dividends	175	175
Attributable Ordinary	9,979	6,255
Ordinary dividends	2,945	2,494
Net profit	7,034	3,761
Extraordinary items	831	83
Retained	7,865	3,844

† After depreciation £5.80m. (£4.7m.).

An analysis shows that in the U.K. sales of £147m. represented 58 per cent. of the total. Direct exports were almost £40m. or 16 per cent. and overseas subsidiaries £65m. or 26 per cent. Compared with 1969 sales to original equipment manufacturers have fallen from 19 per cent. to 9 per cent. which has been largely compensated by the increase in export sales at 16 per cent. (13 per cent.) and the overseas subsidiaries' sales of 26 per cent. compared with 20 per cent. Sales of replacement parts continue to be a very important part of the total at 41 per cent. against 37 per cent. in 1969.

Explaining the major reasons behind the profit increase the chairman says that the sales rise contributes about £2.5m. The improved margin contributes about £2.6m., and has been achieved by improved efficiency, partly as a result of capital expenditure, but also the result of tight control of manning. Profits also benefited from improved margins on export business as a result of the slippage of the pound.

Mr. Ferguson feels that the most encouraging feature of the year was the situation at Covrad where a small trading profit was achieved compared with a loss of £0.88m. Although much remains to be done here this offshoot is expected to make further progress in the current year.

The group balance sheet shows that total capital employed at September 30, 1976, was £124m. compared with £117m. at March 31, 1976, and £104m. at September 30, 1975.

A year ago shareholders' funds represented £58m., deferred tax £13m.; borrowings of £33m. By March shareholders' funds had risen to £62m.; the deferred tax had increased to £18m., and there had been a £4m. rise in borrowings to £37m. At the end of September, 1976, shareholders' funds were £67m., deferred tax had increased a little further to £20m., but borrowings were unchanged from the level 1976 at £37m.

• comment

The improvement at A Engineering accelerated second half to show 69 growth compared with 40 in the first. The most factors continue to be ant demand for diesel en the loss elimination at Co there is a warning that s debtors will become ev weighty because expansi tended in the replacem which requires heavy sto ls, stocks and debtors h risen 24 per cent. agains cent. increase in turnove less, the necessary cost adjustment under Curr Accounting would be s but the company believe CCA earnings would b and on that basis, the would be covered 1.8 ti 77p, the yield is 8.8 pe

UTD. INDUST

On December 15, Barcl appointed Mr. R. H. S partner in Deloitte, Manchester, as Receive United Industrial Compa The Stock Exchange the company's Ordinar was suspended the day Transfers should be the offices of the con Holme Lane, Hill Sheffield 6.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unau

Pence except where £ stated (see note d)

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY						
117.8	Alliance Trust	Ord. Stock 25p	30/11/76	5.35	213.9	225.6	34.8
20.1	Capital & National Trust	Ord. & "B" Ord. 25p	30/11/76	*3.5	122.9	126.6	16.8
6.6	Claverhouse Investment Trust	Ordinary 50p	30/11/76	2.75	66.2	66.2	1.2
6.6	Crossfriars Trust	Ordinary 25p	30/11/76	2.6	69.5	69.5	—
3.7	Direct Spanish Telegraph	Ordinary 25p	30/11/76	3.8	50.7	50.7	1.4
11.7	Dundee & London Investment Trust	Ordinary 25p	30/11/76	2.0	57.6	59.5	4.5
68.9	Edinburgh Investment Trust	Deferred £1	30/11/76	4.95	201.7	221.4	28.7
34.6	First Scottish American Trust	Ordinary 25p	1/12/76	2.3	x88.3	92.4	14.9
†	Grange Trust	Ord. Stock 25p	30/11/76	†	†	†	†
46.9	Great Northern Investment Trust	Ordinary 25p	30/11/76	3.3	91.7	94.9	7.6
47.0	Guardian Investment Trust	Ordinary 25p	30/11/76	1.96	74.3	79.9	7.0
74.4	Investment Trust Corporation	Ordinary 25p	30/11/76	4.04	219.7	226.9	33.3
†	Investors Capital Trust	Ordinary 25p	30/11/76	†	†	†	†
26.4	Jardine Japan Investment Trust	Ordinary 25p	30/11/76	0.8	169.0	169.0	23.2
26.7	London & Holyrood Trust	Ordinary 25p	30/11/76	2.7	113.1	117.9	16.0
19.3	London & Montrose Investment Trust	Ordinary 25p	30/11/76	4.3	192.3	197.5	31.4
38.8	London & Provincial Trust	Ordinary 25p	30/11/76	2.6	113.0	116.0	18.7
‡85.6	Mercantile Investment Trust	Ordinary 25p	30/11/76	0.8	x32.9	39.3	2.1
	Do. Do.	Conv. Deb. 1983	30/11/76	£4.50	£32.90	£39.00	£3.20
41.0	Northern American Trust	Ordinary 25p	1/12/76	2.45	x92.9	98.7	16.3
3.3	Save & Prosper Linked Invest. Trust	Capital Shares	30/11/76	—	69.4	69.4	—
92.6	Scottish Investment Trust	Ord. Stock 25p	30/11/76	2.05	102.4	107.0	17.8
41.3	Scottish Northern Investment Trust	Ordinary 25p	3/12/76	2.3125	86.6	97.0	11.4
87.5	Scottish United Investors	Ordinary 25p	30/11/76	1.55	95.0	100.2	19.2
38.8	Second Alliance Trust	Ord. Stock 25p	30/11/76	4.75	182.4	193.6	29.3
2.4	Shires Investment Co.	Ordinary 50p	30/11/76	6.4	94.8	94.8	—
32.5	Sterling Trust	Ordinary 25p	30/11/76	4.1	x173.2	184.8	28.1
21.5	Technology Investment Trust	Ord. & "B" Ord. 25p	30/11/76	*1.75	106.7	107.9	16.1
56.2	United British Securities	Ordinary 25p	30/11/76	6.83	249.3	252.4	36.1
	Baillie Gifford & Co.						
103.3	Scottish Mortgage & Trust	Ordinary 25p	30/11/76	2.4	126.3	129.1	18.4
79.7	Edinburgh & Dundee Investment	Ordinary 25p	30/11/76	2.6	156.8	161.4	24.1
50.3	Monks Investment Trust	Ordinary 25p	30/11/76	1.15	53.8	57.2	7.9
†	Winterbottom Trust	Ordinary 25p	30/11/76	†	†	†	†
	Baring Bros. & Co. Ltd.						
29.3	Outwich Investment Trust	Ordinary 25p	30/11/76	1.925	96.7	106.4	12.5
21.1	Tribune Investment Trust	Ordinary 50p	26/11/76	10.3	787.5	791.9	149.3
	Cripps Warburg Ltd.						
‡12.7	Sizewell European Invest. Trust	Ordinary 10p	30/11/76	1.4	83.5	83.5	8.4
3.4	Atlanta, Baltimore & Chicago	Ordinary 10p	30/11/76	0.25	x61.4	x61.4	x8.6
4.1	West Coast & Texas Regional	Ordinary 10p	30/11/76	0.4	x73.6	x73.6	x10.3
	Edinburgh Fund Managers Ltd.						
58.5	American Trust	Ord. & "B" Ord. 25p	30/11/76	*1.0	42.5	45.2	3.6
17.1	Crescent Japan Investment Trust	Ordinary 50p	30/11/76	—	148.0	148.0	19.5
	Electra House Group						
128.1	Cable Trust	Ordinary 25p	30/11/76	4.2	139.7	140.1	9.8
	Do. Do.	Conv. Loan 1985/90	30/11/76	£6.25	£114.30	£114.90	£8.00
56.5	Electra Investment Trust	Ordinary 25p	30/11/76	3.6	103.9	106.3	8.9
98.7	Globe Investment Trust	Ordinary 25p	30/11/76	3.35	x89.7	x96.0	x6.0
	Do. Do.	Conv. Loan 1987/91	30/11/76	£5.50	£71.10	£76.10	£4.80
17.0	Telephone & General Trust	Ordinary 25p	30/11/76	8.3	x157.6	x172.9	x8.0
	Do. Do.	Conv. Loan 1987/91	30/11/76	£6.00	£83.20	£89.30	£3.20
8.3	Temple Bar Investment Trust	Ordinary 25p	30/11/76	4.5	x116.1	x127.1	x6.6
	Do. Do.	Conv. Loan 1985/90	30/11/76	£5.75	£81.90	£89.70	£4.60
	F. & C. Group						
13.4	Alliance Investment	Ordinary 25p	15/11/76	2.085	96.9	102.5	13.4
15.7	Cardinal Investment Trust	Deferred 25p	30/11/76	3.0	x104.5	112.6	11.2
	Do. Do.	Conv. Ln. Stk. 1985/87	30/11/76	£6.00	x£84.60	£91.20	£9.40
4.9	F. & C. Eurotrust	Ordinary 25p	30/11/76	0.6	56.4	56.4	11.5
136.3	Foreign & Colonial Invest. Trust	Ordinary 25p	30/11/76	2.38	164.8	175.7	29.6
21.7	General Investors & Trustees	Ordinary 25p	30/11/76	3.18	[illegible]	105.0	9.0
	James Finlay Investment Mgmt. Ltd.						
†	Provincial Cities Trust	Ordinary 25p	30/11/76	†	†	†	†
	Gartmore Investment Ltd.						
4.3	Altifund	Income 50p	30/11/76	6.75	101.4	101.4	—
	Do. Do.	Capital 50p	30/11/76	0.3375	118.2	118.2	4.2
19.8	Anglo-Scottish Investment Trust	Ord. & "B" Ord. 25p	30/11/76	*1.5	42.5	45.9	5.0
2.3	Ashmole Investment Trust	Ordinary 25p	30/11/76	1.25	58.0	58.0	—
13.4	English & Caledonian Investment	Ordinary 25p	30/11/76	2.3	77.3	81.5	8.1
21.3	English & Scottish Investors	Ord. & "B" Ord. 25p	30/11/76	*1.625	72.3	79.2	7.3
5.5	Group Investors	Ord. & Defd. 25p	30/11/76	1.55	x54.3	x58.9	x7.0
4.6	London & Gartmore Invest. Trust	Ordinary 25p	30/11/76	0.24	68.6	76.7	14.0
9.0	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	30/11/76	*1.95	77.9	82.8	12.1
16.7	London & Lomond Invest. Trust	Ordinary 25p	30/11/76	1.85	67.2	70.8	7.6
9.9	London & Strathclyde Trust	Ordinary 25p	30/11/76	1.25	42.3	47.6	6.9
7.4	Meldrum Investment Trust	Ordinary 25p	30/11/76	1.5	36.5	36.5	0.5
6.4	Menteith Investment Trust	Ordinary 25p	30/11/76	0.32	15.7	15.7	0.8
7.4	New York & Gartmore Investment	Ordinary 25p	30/11/76	0.3	39.6	39.6	3.3
	Gartmore Investment (Scotland) Ltd.						
56.3	Scottish National Trust	Ordinary 25p	30/11/76	3.05	147.6	152.9	22.7
14.5	Glasgow Stockholders Trust	Ordinary 25p	30/11/76	1.9	103.9	109.2	16.4
	John Govett & Co. Ltd.						
‡62.3	Border & Southern Stockhldrs. Tst.	Ordinary 50p	30/11/76	5.5	x292.3	x302.2	x40.8
‡27.0	Debenture Corporation	Ordinary 25p	30/11/76	2.45	82.0	85.8	10.0
9.2	General Stockholders Invest. Trust	Ordinary 12½p	30/11/76	1.3	106.2	119.7	19.5
16.9	Govett European Trust	Ordinary 25p	30/11/76	1.6	84.5	84.5	21.4
‡45.6	Lake View Investment Trust	Ordinary 25p	30/11/76	1.65	89.8	95.0	12.5
	Do. Do.	Conv. Loan 1973/98	30/11/76	£4.00	£119.70	£126.60	£16.70
26.6	London & Aberdeen Invest. Trust	Prefd. & Defd. 5p	30/11/76	1.75	151.6	164.3	18.6
46.6	Stockholders Investment Trust	Ordinary 25p	30/11/76	1.65	92.6	98.9	14.2
	G.T. Management Ltd.						
14.0	Berry Trust	Ordinary 25p	30/11/76	0.625	x61.1	x62.8	x6.0
	Do. Do.	Conv. Loan 1993	30/11/76	£4.25	£86.50	£91.00	£8.80
‡25.2	Northern Securities Trust	Ordinary 25p	30/11/76	2.45	104.3	111.3	9.9
12.3	G.T. Japan Investment Trust	Ordinary 25p	30/11/76	1.0	161.3	161.3	27.8
	Hambros Group						
‡17.7	Bishopsgate Trust	Ordinary 25p	26/11/76	4.4	167.3	179.1	14.9
2.4	City of Oxford Investment Trust	Ordinary 25p	30/11/76	2.4	45.5	50.5	—
‡37.2	Hambros Investment Trust	Ordinary 25p	22/11/76	3.0	85.9	99.7	9.5
8.4	Hellenic & General Trust	Ordinary 10p	30/11/76	1.638	33.5	42.6	—
3.8	Rosedimond Investment Trust	Capital 25p	30/11/76	—	31.7	31.7	0.7
	Henderson Administration Ltd.						
‡102.2	Witan Investment	Ord. & "B" Ord. 25p	30/11/76	*1.7	x87.4	94.8	x12.3
18.0	Electric & General Investment	Ordinary 25p	30/11/76	1.1	81.1	83.0	12.8
4.7	Greenfriar Investment	Ordinary 25p	30/11/76	1.0	85.6	85.6	9.9

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	In...
	Henderson Administr'n Ltd. (cont'd.)						
4.5	Mendip Investment	Ordinary 25p	30/11/76	1.2	78.0	77.1	
4.3	Lowland Investment	Ordinary 25p	30/11/76	1.75	46.1	46.1	
1.6	English National Investment Co.	Preferred 25p	30/11/76	1.5	28.7	28.5	
	Do. Do.	Deferred 25p	30/11/76	1.1	31.7	39.2	
	Philip Hill (Management) Ltd.						
‡15.1	City & International Trust	Ordinary 25p	30/11/76	3.3	x92.5	98.9	
8.2	General & Commercial Inv. Trust	Ordinary 25p	30/11/76	3.85	124.9	135.3	
‡17.1	General Cons. Investment Trust	Ordinary 25p	30/11/76	2.5	x77.1	80.8	
‡91.3	Philip Hill Investment Trust	Ordinary 25p	30/11/76	5.75	x151.3	157.6	
3.1	Moorgate Investment Co.	Ordinary 25p	30/11/76	2.35	56.5	59.6	
30.4	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/11/76	6.45	208.5	221.1	
	Ivory & Sime						
84.3	British Assets Trust	Ordinary 25p	30/11/76	1.6	66.8	70.4	
20.1	Edinburgh American Assets Trust	Ordinary 25p	30/11/76	0.75	100.1	103.8	
29.0	Atlantic Assets Trust	Ordinary 25p	30/11/76	0.4	80.9	86.3	
12.1	Viking Resources Trust	Ordinary 25p	30/11/76	0.75	94.4	94.4	
	Leopold Joseph & Sons Ltd.						
2.6	Anglo-Welsh Investment Trust	Ordinary 50p	30/11/76	1.0	xw39.3	w47.5	
4.0	Leopold Joseph Investment Trust	Ordinary 25p	30/11/76	1.25	x34.7	70.5	
3.5	Thanet Investment Trust	Ordinary 50p	30/11/76	2.4	x53.6	w66.9	
	Keyser Ullmann Ltd.						
22.6	Throgmorton Trust	Ordinary 25p	30/11/76	3.025	44.2	49.1	
7.7	Throgmorton Secured Growth Tst.	Cap. Loan Stk. £1	30/11/76	—	—	77.5	
	Lazard Bros. & Co. Ltd.						
12.0	Embankment Trust	Ordinary 25p	□30/11/76	2.0	x77.5	82.4	
†	Raeburn Investment Trust	Ord. Stock 25p	30/11/76	†	†	†	
35.1	Romney Trust	Ord. Stock 25p	30/11/76	2.15	x96.2	99.7	
	Martin Currie & Co., C.A.						
8.0	Canadian & Foreign Invest. Trust	Ordinary 25p	30/11/76	2.9125	111.4	116.4	
14.7	St. Andrew Trust	Ordinary 25p	30/11/76	3.3	114.7	121.6	
76.8	Scottish Eastern Investment Trust	Ordinary 25p	30/11/76	3.0	130.6	138.5	
20.2	Scottish Ontario Investment Co.	Ordinary 25p	30/11/76	3.35	137.1	140.2	
46.6	Securities Trust of Scotland	Ordinary 25p	30/11/76	4.8	168.9	194.7	
2.6	Western Canada Investment Co.	Ordinary 25p	30/11/76	13.0	353.6	371.0	
	Murray Johnstone Ltd.						
‡36.3	Caledonian Trust	Ord. & "B" Ord. 25p	30/11/76	*1.4	77.6	82.2	
‡55.2	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/11/76	*1.45	74.8	78.2	
15.6	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/11/76	*1.4	xw93.3	xw100.0	
5.3	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/11/76	*1.45	75.8	75.8	
17.3	Scottish & Continental Investment	Ordinary 25p	30/11/76	0.6	x66.2	x66.2	
‡61.0	Scottish Western Investment	Ord. & "B" Ord. 25p	30/11/76	*1.8	92.8	98.6	
‡19.9	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	30/11/76	*1.8	86.4	91.2	
	Naydale Ltd.						
‡2.7	Simonside Investment Co.	Ordinary £1	30/11/76	0.7	x72.7	x78.7	
	Schroder Wagg Group						
16.2	Ashdown Investment Trust	Ordinary 25p	31/10/76	3.05	x134.3	143.5	
	Do. Do.	Conv. Loan 1988/93	31/10/76	£4.75	£94.80	£100.50	
22.3	Broadstone Investment Trust	Ordinary 20p	30/11/76	3.65	x138.5	150.8	
	Do. Do.	Conv. Loan 1988/93	30/11/76	£4.50	£93.20	£100.50	
‡38.0	Continental & Industrial Trust	Ordinary 25p	30/11/76	5.0	194.6	209.0	
22.7	Trans-Oceanic Trust	Ordinary 25p	30/11/76	4.2	169.1	178.1	
	Do. Do.	Conv. Loan 1988/93	30/11/76	£4.50	£105.70	£111.30	
10.4	Westpool Investment Trust	Ordinary 25p	30/11/76	2.35	x105.3	111.0	
	Do. Do.	Conv. Loan 1989/94	30/11/76	£5.00	£95.60	£99.90	
	Stewart Fund Managers Ltd.						
53.3	Scottish American Investment Co.	Ordinary 50p	30/11/76	1.8	70.3	74.8	
13.0	Scottish European Investment Co.	Ordinary 25p	30/11/76	1.1	46.8	48.8	
	Touche, Remnant & Co.						
88.5	Atlas Electric & General Trust	Ordinary 25p	30/11/76	1.3	50.3	53.7	
23.1	Bankers' Investment Trust	Ordinary 25p	30/11/76	2.0	52.7	57.9	
12.0	C.L.R.P. Investment Trust	Ordinary 25p	30/11/76	1.6	w59.0	w64.4	
‡22.5	Cedar Investment Trust	Ordinary 25p	30/11/76	2.1	61.2	64.3	
25.1	City of London Brewery	Deferred 25p	30/11/76	2.1	45.1	50.1	
23.2	Continental Union Trust	Ordinary 25p	30/11/76	2.3	111.7	118.8	
127.7	Industrial & General Trust	Ordinary 25p	30/11/76	1.24	47.8	50.4	
27.1	International Investment Trust	Ordinary 25p	30/11/76	2.8	w70.0	w76.2	
35.6	Sphere Investment Trust	Ordinary 25p	30/11/76	2.3	106.1	112.8	
35.4	Standard Trust	Ordinary 25p	30/11/76	4.2	135.4	146.1	
24.9	Trust Union	Ordinary 25p	30/11/76	2.2	96.3	102.2	
45.0	Trustees Corporation	Ordinary 25p	30/11/76	3.4	123.9	131.1	
	VALUATION THREE-MONTHLY						
4.6	Kingside Investment Co.	Ordinary 25p	30/9/76	1.75	x42.8	43.9	
25.6	London Scottish American Trust	Ord. Stock 25p	29/10/76	3.575	139.6	143.5	
7.2	Safeguard Industrial Investment	Ordinary 25p	30/9/76	3.1	60.6	[illegible]	
45.1	United States Debenture Corpn.	Ord. Stock 25p	29/10/76	2.86	95.8	99.9	
	Do. Do.	Conv. Ln. Stk. 1993	29/10/76	£5.00	£105.40	£109.90	
	City Financial Administration Ltd.						
3.4	Acorn Securities	Capital Ord. 1p	29/11/76	—	69.3	69.3	
13.1	General Funds Investment	Ordinary 25p	25/11/76	3.25	153.6	159.4	
	Do. Do.	Conv. Ord. 10p	25/11/76	—	125.9	130.7	
11.6	"Investing in Success" Equities	Ordinary 25p	2/12/76	2.06	148.6	153.6	
	Drayton Montagu Portfolio Mngmt.						
73.2	Drayton Premier Investment Trust	Ordinary 25p	30/11/76	5.4	207.6	219.4	
	Do. Do.	Conv. Loan 1993	30/11/76	£7.50	£129.30	£137.10	
	Do. Do.	"A" Conv. Loan 1993	30/11/76	£7.50	£129.00	£136.40	
81.6	Drayton Consolidated Trust	Ordinary 25p	30/11/76	4.125	157.9	167.1	
	Do. Do.	Conv. Loan 1993	30/11/76	£7.50	£126.30	£133.70	
	Do. Do.	"A" Conv. Loan 1994	30/11/76	£6.50	£128.30	£135.80	
	Do. Do.	"B" Conv. Loan 1994	30/11/76	£6.50	£131.00	£138.60	
41.7	Drayton Commercial Invest. Co.	Ordinary 25p	30/11/76	3.7	136.8	143.1	
	Do. Do.	Conv. Loan 1986	30/11/76	£6.25	£109.40	£114.50	
11.0	English & International Trust	Ordinary 25p	30/11/76	3.15	93.9	101.2	
	Do. Do.	Conv. Loan 1986	30/11/76	£7.00	£113.90	£122.70	
7.3	Colonial Securities Trust	Deferred 25p	30/11/76	6.2	257.2	274.4	
6.1	British Industries & Gen. Inv. Trust	Deferred 25p	30/11/76	3.0	112.0	116.3	
	Do. Do.	Conv. Loan 1994	30/11/76	£6.50	£124.40	£129.30	
5.0	Drayton Far Eastern Trust	Ordinary 25p	30/11/76	0.75	42.1	42.1	
4.1	City & Foreign Investment Co.	Ordinary 25p	1/12/76	—	65.3	65.3	
	East of Scotland Investment Mngrs.						
37.3	Aberdeen Trust	Ord. Stock 25p	30/9/76	4.025	144.8	155.9	
9.2	Dominion & General Trust	Ordinary 25p	30/11/76	5.8	193.9	206.7	
21.9	Pentland Investment Trust	Ordinary 25p	30/11/76	2.85	114.1	119.6	
	Kleinwort, Benson Ltd.						
2.1	Jos Holdings	Ordinary 25p	30/11/76	2.05	50.8	50.8	
3.8	London Prudential Invest. Trust	Ordinary 25p	30/11/76	2.0625	59.7	62.6	
38.3	Merchants Trust	Ordinary 25p	30/11/76	2.15	69.9	73.5	

* Applies to Ordinary "A" Ordinary only. § Includes special dividend. ◊ Adjusted for scrip issue. ◊ Adjusted for rights issue. † Company will announce year-end or interim results shortly. ‡ See note (h) below. □ Valuation Two-monthly. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices: unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respects of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share, stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks and warrants or subscription rights are treated in the way which produces the lower n.a.v. per share. stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; subscription rights are treated as exercised, except where a figure is marked "w".

AITC

Danks Gowerton expansion

[PRO]CESSORS of steel, designers [and] manufacturers of boilers and [pla]nt etc. Danks Gowerton reports [a 7]7 per cent. expansion in sales [from] £5.25m. to £9.39m. for the six [mon]ths to September 30, 1976, and [an a]dvance in pre-tax profits from [£...],190 to £446,867.

[No]rmally the greater part of [earn]ings arise in the second half, [says] Mr. A. J. Roe, the chairman, [and] results will be largely depend[ent] on the ability of Government [to co]ntain inflation and inspire an [atmo]sphere of confidence. The [Boar]d is alert to the need for a flex[ible] approach and is confident of [the] continued prosperity of the [grou]p: given reasonable trading [cond]itions.

[Fir]st half earnings are shown to [be u]p from 4.841p to 5.525p per 25p share. The interim dividend is held at 0.7p net. Last year's total was 2.121875p paid from pre-tax profits of £932,276.

Profits were struck after £33,000 initial development costs of newly formed subsidiaries.

The highly competitive market into which group products are sold is restricting ability to achieve margins in line with higher sales values, members are told.

The present order book is at a healthy level with a reasonable degree of overseas trading prospects.

Expenditure on capital equipment for the recently acquired Oldbury site will continue as planned with the objective of providing facilities for a wider range of products and progressive development of trade.

Charterhouse Group 45% rise to £7.41m.

PRE-TAX profits of the Charterhouse Group rose 45 per cent. to £7.41m. in the year ended September 30, 1976. Turnover excluding development capital, banking and associates was £131.17m. against £113.69m.

First-half profits increased from £1.7m. to £3.27m. and the directors said that the year's profit should be higher than the previous year, although there was no question of getting back to the level of 1973-74—a record £7.8m.

Earnings per 25p share are 4.67p (3.51p) and as forecast at the time of the June rights issue, the net final dividend is 2.175p on higher capital making a total of 3.355p compared with 3.05p.

Borrowings for investment and working capital purposes rose in the early part of the year but rigorous control, the rights issue and the proceeds of disinvestment enabled interest costs to be contained at the same level as in the previous year, and the gearing ratio to be reduced, the directors say.

The group's overseas earnings made a substantial contribution to the year's profit improvement, and enhanced profitability, together with improved gearing, places the group in a strong position for the current year.

	1975-76 £000	1974-75 £000
Profit	12.193	9.837
Development capital	2.492	1.719
Banking	915	893
Manufacturing	5.101	4.068
Distrib. and services	2.270	2.455
Insurance broking	3.382	1.567
Central admin.	967	788
Interest payable	4.780	4.572
Profit before tax	7.413	5.165
U.K. tax	1.083	1.523
Overseas tax	892	711
Associates tax	581	287
Net profit	3.857	2.514
Minorities	330	*19
Extra-ord. profit†	690	390
Making	4.217	2.854
Pref. dividends	147	134
Ord. dividend	2.592	2.047
Retained	1.478	673

* Loss.

† Represents gain on translation into sterling of overseas net assets after deducting losses arising on sale or termination of certain trading activities and after writing off £568,000 of premium on acquisition of certain subsidiaries.

Development capital profit was a record, showing an increase of 45 per cent. over that of the previous year, due mainly to improved profit from North America and, in particular, the U.S. Certain investments incurred a small loss.

In banking, Charterhouse Japhet had a satisfactory year and maintained its high liquidity. At the year end the capital and reserves of the bank were increased to £10m.

Overall, manufacturing profit exceeded that of each of the previous two years. Charcon, as expected, showed a considerable profit recovery.

Profits from Newage Engineers, although excellent in difficult circumstances, were below those of the previous year, while Alenco's profit for the year was down but higher profits were achieved in Holland, Norway and Sweden.

The smaller manufacturing companies made a useful contribution to group profit.

Spring Grove again achieved a record profit, but results from Edmundsons were disappointing.

In insurance broking Glanvill Enthoven achieved a record profit —the 15th year of increased profitability, being 52 per cent. up on last year and nearly 100 per cent. up on two years ago.

• comment

Charterhouse's full-year recovery is some £0.3m. ahead of most outside expectations. Higher than anticipated currency gains of around £½m. can take much of the credit for this, but the improvement also reflects better profits from all divisions except distribution services. On the development capital side, profits jumped by 45 per cent., largely due to the success of two major ventures in the U.S., while on the insurance broking side a gain of 52 per cent. was in line with that sector generally. This industry's growth has continued and there are also signs that Edmundsons, which depressed distribution services last year, is now beginning to turn up. With recovery-plus a real prospect in the current year, the shares, which rose 2p yesterday to 41p, where they yield 18 per cent., have some support. But the market will probably want to see proof, in the report and accounts, that the reduction in borrowings is continuing; in the last accounts borrowings were 118 per cent. of net worth.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Baileys of Yorkshire, Cavenham, Alfred Clough, Durapipe International, Electronic Machine, General Engineering (Radcliffe), Greene King, Initial Services, Siebe Gorman, Sogomana, S. and U. Stores, Wilkinson Match.

Finals:—S. and W. Berisford, Brunner Investment Trust, Camford Engineering, Chemring, Hunslet (Holdings).

FUTURE DATES

Interims:—

Bell and Sime	Dec. 21
Brisray	Dec. 24
Butterfield-Harvey	Jan. 11
Catalin	Dec. 31
Dwek	Dec. 30
Midland Educational	Dec. 29

Finals:—

BOC International	Dec. 21

ESTATES & AGENCY

For the six months to June 30, 1976, Estates and Agency Holdings showed a pre-tax profit marginally ahead from £20,096 to £21,608 on turnover of £43,977 against £43,887. Profit for 1974-75 was £44,482.

Following the general policy of the Board to realise properties at or above professional valuation used at the time of requotation, one property was sold resulting in a book loss. One further property has been sold since for £47,000 which, after legal costs, will leave a surplus over book value of about £3,000.

After tax of £11,630 (£10,844) and loss on the sale of the freehold property of £1,691 (£8,745) the net balance was up from £507 to £8,287.

A. Monk tops £0.5m. half-time

FIRST HALF (to August 31, 1976) profit, before tax, of civil engineers and building contractors A. Monk and Co. rose sharply from £324,000 to £519,000 and the new chairman Mr. W. S. Whittingham states that comparable results are expected in the second half.

The net interim dividend is held at 1.25p per 25p share. For the previous year the dividend total was 4.2835p and profits £1.11m.

Construction work in Nigeria is now proceeding more satisfactorily after certain reorganisation. However, the directors feel it advisable to provide a further £200,000 in the Nigerian accounts as a reserve against possible losses.

	Half-year 1976 £000	1975 £000
Turnover	32,200	26,300
Pre-tax profit	519	324
Tax	478	169
Attributable	216	145

Eurobank's profits near trebled

In its second financial year ended September 30, 1976 Euro-Latinamerican Bank almost trebled pre-tax profits to £1,750,314, compared with £656,189. Profit after tax increased from £295,362 to £719,105.

During the year, Banco de la Nacion Argentina, the largest bank in Argentina, became Eulabank's sixteenth shareholder.

The world recession and other economic factors produced a major shift in capital flows. Consequently channelling funds from industrial to developing countries such as in Latin America, called for unprecedented co-operation between governments and financial institutions.

Eulabank substantially increased its loan portfolio, extending loans to both private and public sector borrowers, in 13 Latin American countries. During the year it managed or co-managed 16 loans totalling $132m. The bank also considerably enlarged its à forfait and leasing operations.

Homfray's £2.4m. for 15 months

SALES OF Homfray and Co. amounted to £41.15m. for the 15 months to October 2, 1976 and profit was £2.44m. subject to tax of £1.13m. For the previous year the figures were £29.23m., £2.03m. and £0.98m. respectively.

Earnings per 25p share are 8.6p, against 7.4p and the net dividend total is 6.25p (4.96596p), with a 4.9275p final.

The U.K. carpet group contributed £29.58m. (£22.23m.) to sales and £1.31m. (£1.95m.) to profits, the U.K. textile group £2.38m. (£2.31m.) and £141,000 loss (£86,000 loss) and the Australian carpet group £9.29m. (£4.69m.) and £1.27m. (£140,000). Direct exports from the U.K. totalled £7.6m. (£4.2m.).

After tax, profit was £1.3m., against £1.05m.—exchange rate gains amounted to £1.12m. (£166,000 losses) and there were other deductions of £49,000 (£220,000).

Increase for J. & H. B. Jackson

AN ADVANCE in pre-tax profit from £1.7m. to £1.96m. is disclosed by J. and H. B. Jackson for the year ended September 30, 1976, after being up from £0.85m. to £0.97m. at half way.

The directors report that accounts for the first two months of the current year indicate that the growth of the past six years should be continued in the present period in spite of the adverse conditions in the scrap industry.

Stated earnings per 5p share are 4.2p for the year, against 3.8p and the final dividend is 0.24375p net on increased capital for a total of 0.8125p (0.46167p) as forecast at the time of the February Rights issue.

	1975-76 £	1974-75 £
Sales	16,968,344	12,845,398
Trading profit	1,918,232	1,691,424
Profit sale investments	24,858	58,012
Loan stock interest	36,107	39,881
Pre-tax profit	1,958,175	1,765,555
Taxation	318,264	494,837
Net profit	1,639,911	1,306,728
Addl. extraord. profit	27,915	63,632

Howard Tenens maintains interim

The attributable loss at Howard Tenens Services dropped from £384,000 to £368,000 in the half-year to September 30, 1976, and, because of the much improved position of the group, the directors are keeping the net interim dividend at 0.737p.

The managing director, Mr. Fred McMullen, says that the second half results should wipe out the losses for the interim period. Over the year as a whole he expected the group to show a "modest profit."

	Half year 1976 £000	1975 £000
Turnover	23,871	18,792
Trading loss	277	365
Share loss assoc.	68	68
Minorities	23	49
Attributable loss	368	384

The chairman, Mr. Piers S. Harford, states that the various measures previously reported have been brought to fruition. The negotiations following the termination of production of the Ford "A" Series Van have been completed and the claim has been settled, the contract for the sale of the Cowley site has been signed and will be completed on December 30 and the negotiations regarding the use of the remaining facilities at Didcot have been concluded.

Additionally, the company has recovered with effect from the beginning of November the major packing contract which was withdrawn by British Leyland in April last year—a further contract has been awarded for the reconditioning of engines by Chrysler although the company does not expect fully to commission the new plant until June 1977.

Of the trading losses totalling £277,000 some £248,000 relate to the surface forwarding business (sold effectively from the beginning of June) and to the "A" Series Van, and the Group is now trading profitably.

L. MESSEL

Stockbrokers L. Messel has handed over the management of the firm's computer system to Hoskyns Group. The 37 Messel staff employed on the computer will henceforth be employed by Hoskins. No redundancies are involved.

A spokesman for Messel said yesterday that this was "a method of economy that does not throw any people out of work."

Strong order book at RHP

IN HIS annual statement, Mr. G. W. Barlow, chairman of Ransome Hoffmann Pollard, says the group will continue to make every effort to increase its export business; to have its full share of the domestic market; to maintain its policy of improving manufacturing equipment and to develop management capabilities.

"I hope that our stronger order book may enable us to earn better profits this year," he tells members.

With £4m. unused acceptance credits and facilities for unsecured overdrafts, the group has adequate resources to finance expansion as soon as opportunities arise, reports the chairman.

Capital expenditure was maintained, despite the recession, at the high level of £4.75m. in 1975-1976 compared with £4m. This is a continuing programme in which a long-term view is taken.

However, short-term influences like the effects of sudden changes in Government policy, interest rates and the degree of co-operation obtainable from employees in manning new equipment effectively cannot be ignored. Obtaining higher productivity demands not only capital expenditure but highly efficient operation with the avoidance of restrictive practices, states Mr. Barlow.

Export sales for the year were up from £12.6m. to £14.1m. Export orders are now recovering, helped by the fall in value of the pound which has improved the group's competitive position in many countries.

As reported on December 10, for the year ended October 1, pre-tax profit was £5,125,000 (including £1,339,000 from MTE) compared with £5,852,000 last year (without MTE). The lower profit was due to low activity and low earnings in the bearings business in the first half of the year—profits £1,764,000—compared with £3,361,000 in the second half when the bearing business made a strong recovery.

Throughout the year excess world capacity in the industry has been competing for a reduced level of business which has created intense international competition with a consequential effect on profit margins. The effect of recession trading conditions was minimised by RHP's strong marketing organisation and tight management controls, says the chairman.

An analysis of sales and pre-tax profits by activity shows (£000s omitted): bearings £68,702 (£60,820) and £3,686 (£5,586), electrical £6,177 (nil) and £1,339 (nil), and fasteners £3,502 (£2,775) and £101 (£266).

Of external sales 69 per cent. were in the U.K. and 10 per cent. in the Americas.

Accounts adjusted for inflation show pre-tax profits of £2.96m. (£6.45m.) on a CPP basis. Ordinary shareholders' interest in net tangible assets of £36.3m. (£37.96m.) against £26.15m. historical, and basic earnings of 0.9p (15.1p) against 9.4p historical.

Meeting, Quaglino's, SW, on January 11 at noon.

Chairman's statement Page 18

Comet Radio confident for longer term

Some uncertainty must exist for the longer term outlook at Comet Radiovision Services, while present economic difficulties persist. But Mr. M. J. Hollingbery, chairman, remains confident that his company's ability to adjust to prevailing market conditions will permit it to continue to produce satisfactory profits.

As stated in the full preliminary statement, reported on November 24, the company expects, in the absence of unforeseen circumstances, to be able to announce profit for the current half year, ending February, 1977, in excess of the £2.26m. for the whole of its peak year, 1974-75.

Profit fell to £1,474,000 in the year ended August 28, 1976, on sales lower at £47.4m. (£49.77m.). During the period the increase in liquid funds was £979,000 against £6,562,000.

Three of the companies original warehouses at Birmingham, Leeds and Norwich, have been converted to display all merchandise. These conversions have resulted in a marked increase in trade and the directors are confident that extension of this policy to the remainder of its warehouses would be equally effective, but they will not proceed until satisfied that profitability is equally improved, says Mr. Hollingbery.

Meeting, Hull, January 6, at noon.

Dares Estates reduces loss at six months

A loss of £45,461 against £94,932 is shown by builders and property holders Dares Estates, for the six months ended June 30, 1976.

Turnover, at £928,552 (£741,749) including a £250,000 land sale, were restricted by a shortage of working capital prior to changes in the Board, says the directors.

This problem has been alleviated but it will be difficult for full benefits to be obtained in view of current high interest rates, shortage of building society mortgages, and uncertain economic climate. However, turnover will be higher in second half and will result in a significant improvement, they comment.

The loss for the half year was after deducting debenture interest of £27,212 (£28,607) and loan stock interest of £20,569 (£20,583). There was no tax charge. For 1974-75 the loss before tax was £243,629.

Deanson fall is £69,000

Printers and stationers Deanson (Holdings) has come up to forecast with profits of £173,489 for the year ended September 30, 1976. They compare with £242,195 previously.

At halfway, when announcing profits down from £151,517 to £83,437, the directors indicated that the second half should at least equal the first.

The dividend is unchanged at 1.89p per 10p share.

Turnover was up from £2.16m. to £2.56m. After tax £117 (£59,240) and equalisation £90,096 (£30,593), net profit was £119,833 (£122,362).

MINING NEWS

Shell & Thiess in $60m. Australian deal

BY PAUL CHEESERIGHT

THE AUSTRALIAN subsidiary of the international oil group, Shell, is linking with Australia's Thiess Holdings in a joint venture worth more than $60m. (£37.7m.) to prospect and develop Thiess coal properties in the Hunter River area of New South Wales.

This is Shell's only coal venture in Australia, although the group has coal interests in Europe, Botswana, Indonesia, South Africa and the U.S. For its part, Thiess has been steadily expanding the coal side of its activities in Australia.

Thiess will hold 51 per cent. of the Hunter River venture, and Shell will hold 49 per cent. Official approval for an open-cast operation has been received from both the Commonwealth and New South Wales Governments.

The actual cost of the project will depend on the sales contracts negotiated, an area where Shell expects to play a leading role. The West Pacific and Japan are seen as the main potential markets.

The project manager will be Thiess and development work is expected to start next year with first production in 1978, building up to a maximum of 2m. tonnes a year of steaming coal and a coke blending product in three or four years. The output will be exported through Newcastle.

The size of the investment at Hunter River is by no means large in relation to other Australian coal projects. Thiess itself is spending $70m. to treble production at its South Blackwater mine in Queensland and holds a 22 per cent. stake, which it wants to increase, in the Thiess-Peabody-Mitsui consortium engaged in an $800m. scheme to develop the Nebo deposits in Queensland.

But Shell's involvement in the venture emphasises the trend of diversification into the extractive industries among the major oil groups.

Shell Australia's recently expressed interest in the half share of the Windarra nickel mine in Western Australia, owned by the failed company, Poseidon, is part of the same trend. That interest has not apparently been translated into a firm bid and meanwhile the Poseidon receiver, Mr. Noel Buckley, has decided to call tenders.

Mr. Buckley has now requested the de-listing of Poseidon shares from the Australian exchanges which will save $1,000 in fees, payable in advance each June 30. He expects that a statement of Poseidon's assets and liabilities will be filed with the South Australian Registrar of Companies by Christmas. Its debts total about $30m. (£18.8m.), of which at least $25m. is owed to the State-owned Australian Industry Development Corporation.

Poseidon's partner at Windarra is Western Mining, whose shares were 140p yesterday. Thiess were 178p, up 6p.

NEW JERSEY ZINC PLANS THAI MINE

The American zinc producer, New Jersey, which is part of the Gulf and Western Industries group, has reached a preliminary agreement with the Thai Government for a $80m. (£53.9m.) zinc mining and refining project, exploiting the Mae Sot orebody.

The deposit contains 4.2m. tons of ore, grading 25 per cent. zinc. The refinery would have a capacity of 66,000 tons of zinc a year. The output would be consumed locally and in South East Asia.

The terms of the New Jersey agreement with the Government in Bangkok have not been disclosed.

but local sources said that they would involve either a 45 per cent. participation by the Government or the payment of a royalty based on production levels.

GOLD OUTPUT

South Africa's gold output last month amounted to 1,920,946 ounces, says the Chamber of Mines. This compares with 1,969,082 ounces for October and brings the total for the 11 months to date to 20,998,674 ounces against 21,043,309 ounces for the same period last year. The total production for 1975 amounted to 22,764,958 ounces and was the lowest for 14 years.

ROUND-UP

The U.S. mining house, Amax, has completed arrangements to issue and sell $75m. (£44.9m.) of 8.75 per cent. sinking fund notes due March 15, 1997 to a group of institutional investors. The issue will take place in mid-March next year.

* * *

Shareholders in Ampat Tin Dredging, now in voluntary liquidation, are likely to receive a final distribution of about 3p a share, the liquidator's third report states. There is a possibility of a further 2p in the event of a successful outcome to a tax dispute taking place with the Malaysian authorities. Judgment at an appeal hearing on whether the company should receive a refund of £29,000 is expected in the New Year.

* * *

Mr. Beville Pain has been elected as president of the Mining Association of the United Kingdom for the coming year. The vice-president is Mr. A. M. Macleod-Smith.

Midway rise for Vaux Breweries

HOTELS AND brewing group, Vaux Breweries, produced taxable profit up from £2,192,000 to £2,811,000 on sales of £31.25m. against £25.45m. for the half year to October 31, 1976.

Performance over the next few months will inevitably be affected by the economic situation and the Chancellor's latest attack on the industry obviously will not help, comments Mr. Paul Nicholson, the chairman.

The interim dividend is lifted to 3.2p net (3.0p) per £1 share. Total payment for 1974-75 of 14.026p was paid on profit of £4.42m.

Last year's comparable half year figures were after charging provisions amounting to £330,000 in respect of a guarantee situation and increased costs which were not found to be necessary at the year end.

The hotels division did well during the first six months but beer sales, after a reasonable summer, were down in September and October and finished nearly level. Sales during the comparable period in 1975 were increased by the effects of industrial troubles in other breweries. November sales have been much better, says Mr. Nicholson.

Preliminary costs involved in relaunching beers in the Scottish market under the name of Lorimer have been borne in this period. The change took place on November 1 and appears so far to have gone well.

The employment situation in the area in which the company operates remains serious but the directors believe it is maintaining its market share.

The Board is proposing to change the accounting year end from April 30 to the end of the week nearest to September 30 and at the same time to change the normal accounting period from 12 calendar months to 52 weeks. The current accounting period will be extended to October 1, 1977.

This move will bring the company into line with most of the industry. A further advantage is that it will also assist the company's efficiency, particularly when inflation accounting is introduced, because it is administratively much simpler to prepare accounts during the relatively quiet autumn months rather than during the summer. Another factor is that the present year end invariably falls close to the date of the main national budget, which can lead to stock valuation problems and distortion of stock levels following duty changes, Mr. Nicholson explains.

The directors expect to recommend a special second interim dividend of about 3.85p to be paid in August, 1977, followed by a final of about 11.45p to be paid in February, 1978, on account of the 17 months and one day period, from April 30, 1976, to October 1, 1977. Treasury permission has been granted for this maximum payment.

The change of dates should not reduce the amount of income received by a shareholder in any tax year but will involve a change in timing of receipt of dividends during the year.

In future, it is proposed that an interim report for the first 24 weeks of each period will be published in May or June and an interim dividend paid in August of approximately one-third of the estimated total for the 52 weeks. Full year results will be published in either December or January with the normal meeting occurring in February.

The meeting for the current year will provisionally be held on August 5, 1977, but it will deal only with election of directors and any special business. It will then adjourn until February 24, 1978, when it will consider the accounts for the period to October 1, 1977.

GOVERNMENT AID FOR TAYSIDE

Tayside Floor-coverings, one of the subsidiaries of troubled engineering group British Steel Construction (Birmingham), has received financial assistance from the Government. The amount, which has not been revealed, is in "six figures" and is said to be sufficient to ensure the continuity of employment and "to take advantage of the opportunities to increase export sales."

Receivers were called in to four of British Steel Construction's subsidiaries in March this year. Four other subsidiaries including Tayside, have continued to trade. Tayside is the only one that has needd Goverment assistance.

Better first half from Lynton

Additional income from rent reviews and increased deposit interest have increased the available profit for distribution at Lynton Holdings from £174,957 to £251,206 for the six months to September 25, 1976.

Earnings per 20p share are up from 1.99p to 2.86p. The net interim dividend is raised from 1p to 1.1p and the directors expect an increase on the previous year's total of 2.06p.

At the pre-tax level, first half profit improved from £384,117 to £523,345 including a contribution from property dealing by a subsidiary and an associate amounting to £91,430 (£103,223). Rents totalled £944,675, against £943,651 and income from completed properties and interest was £431,915 (£280,894).

For the full year to March 25, 1976 pre-tax profit was £790,823.

	Six months 1976 £	1975 £
Rents receivable	944,675	943,651
Income and interest	431,915	280,894
Share subsid & assoc.	91,430	103,223
Profit before tax	523,345	384,117
Taxation	272,139	209,160
Net profit	251,206	174,957
Asset disposals	—	647,792
Develop. outgoings†	162,045	121,865
Available	251,206	174,957

* Transferred to reserves. † Met from reserves.

Since March 26, 1976 Chester House, Stretford, has been sold but this transaction was not completed until December 1, 1976, and does not affect the results.

Gateway Securities growth

FIRST-HALF profits up from £506,000 to £579,000 were achieved by Gateway Securities despite lower turnover of £27.13m. compared with £27.40m.

Mr. Ernest Harbottle, chairman, says the lower turnover reflects the closure of 14 uneconomic stores and lower level of trading by Merchandise Promotions—the pink stamps company.

The decline of pink stamps activity is in line with the general fall in trading stamps business in view of the price cutting at petrol stations, he points out.

	Six months 1976 £000	1975 £000
Turnover	27,127	27,4[illegible]
Trading profit	609	[illegible]
M.P. loss	61	30
Share Bishop's Stores	[illegible]	[illegible]
Combined profit	[illegible]	[illegible]
Interest payable	46	72
Bishop's profit retained	[illegible]	[illegible]
Profit before tax	579	506
Taxation	301	[illegible]
Net profit	278	[illegible]
Extraord. debits	70	—
Dividend	16	[illegible]
Leaving	192	15[illegible]

However the company's period of consolidation has enabled the group to achieve substantial growth in the third quarter. This will be reflected in increased profit levels and should ensure first-class results for the year to next April, he tells members.

The interim dividend is up from 0.575p to 0.65p net per 25p share. In 1975-76 the total was 1.19p and pre-tax profits of £0.98m.

Downturn at Empress Services

Contract cleaners Empress Services (Holdings) reports a fall in pre-tax profits from £74,462 to £20,157 in the six months ended September 30, 1976. Turnover was £1.84m against £1.71m.

The net interim dividend is 0.1p (0.2p) absorbing £4,750 after waivers by Mr. I. Emanuel, managing director, amounting to £2,450. Last year's total was 0.3p on pre-tax profit £25,558.

First half tax charge is £12,000 (£44,000) leaving net profits at £8,157 against £30,462.

As stated in the last annual report the trading activities of Baker and Walker and EWG Property Services have now virtually ceased and further losses of £1,939 have been incurred in the first six month. Universal Cleaners also incurred a further trading loss of £9,332 during this period but the Board expects this company to trade profitably in the second half.

The group's main cleaning company traded profitably, although continuing increases in costs have eroded expected profit levels. PPR Security Services and Baymack Services taken together achieved profits of £3,018. Considerable additional costs have been necessarily incurred by the PPR Security.

BIDS AND DEALS

Control of LCW goes to Lonrho

Lonrho, the international trading group, has won control of London City and Westcliff Properties. It was announced last night that it had received acceptances of 9.9m. low shares in respect of its offer but had also acquired or agreed to acquire a further 8.4m. shares, which together with its original 29.9 per cent. stake gave it 51.7 per cent. of the total LC and W voting rights.

The aditional 8.4m. shares represent the balance of LC and W's shares held by the insurance companies formerly controlled by the Wiliams family. It was from Sentinental Insurance and National Insurance and Guarantee Corporation, together with Israel-British Bank (London), that Lonrho originaly acquired its 29.9 per cent. stake in May this year.

In a document sent to shareholders on Wednesday the directors of L C and W had made clear their opposition to the bid but it did contain details of a property revaluation by Robert Ellis which showed a fal in asset value from 40.5p to 18.6p a share and disclosed an unaudited operating loss before tax of £1.1m. before extraordinary losses of £430,000.

OPPOSITION TO OIL EXPLORATION TERMS

A major shareholder in Oil Exploration (Holdings), the oil and gas exploration group, is planning to oppose the terms of its proposed take-over of the U.S. Bates Oil Corporation at to-day's meeting convened to ratify the proposals.

Premier Consolidated Oilfields, which has a 13 per cent. holding in OEH, is seeking an adjournment of the meeting because it does not believe that shareholders have been given enough information.

PCO also feels that Oil Exploration shares, 2.5m. of which are to be issued to Atlantic Assets along with £1.75m. loan notes, are undervalued and that an all-cash offer is more appropriate.

Under the terms of the offer, Atlantic Assets would stand to have a 21.4 per cent. stake in OEH, following the sale of Bates Oil.

BLUNDELL PERMOGLAZE

Agreement has been reached by Blundell-Permoglaze Holdings under which it will sell its entire remaining shareholding in Blundell Eomite Paints, of Bombay, to the Garware Group.

That group purchased 27 per cent. of the capital when the Blundell-Permoglaze Group reduced its holding in 1974. Total consideration amounts to some £270,000 less Indian taxes, and is payable in cash. The agreement is subject to the approval of H.M. Treasury and the Government of India, including sanction for remittance to the U.K.

Since the 1974 transaction Blundell-Permoglaze has not been involved in the management of the Indian company. It is now felt that the funds invested could be put to more effective use elsewhere in the Group.

ALLIED BREWERIES

Allied Breweries (U.K.) and J. C. McLaughlin have reached agreement for Allied to acquire the total capital of Bavarian Beer Importers, the company which is responsible for the distribution of Lowenbrau throughout the U.K.

This arrangement has met with the approval of Lowenbrau, Munich, and effectively means that Allied becomes the sole distributor for Lowenbrau in the U.K.

Allied has given an undertaking to McLaughlin's that it will offer employment, wherever possible, to relevant sales personnel currently employed by McLaughlin's thereby ensuring minimum redundancies together with continuity for the Lowenbrau brand.

FITCH LOVELL

Fitch Lovell has acquired the outstanding 20 per cent. minority interest in its subsidiary Hutton and Co. (Ships' Chandlers) from seven of the former proprietors and present executive directors.

Total price was £322,473 satisfied as to £116,670 cash and the issue of 428,736 Ordinary shares in Fitch Lovell.

The management will remain unchanged under Mr. A. Marshall and Mr. E. Wright as joint managing directors.

SHARE STAKES

Whatman Reeve Angel reports the following transactions by its directors: Mr. Richard Reeve Angel sold 20,000 shares and Mr. Harold Mitherz purchased 300.

BTR has acquired further shares in Andre Silentbloc and total interest is 2,778,000 shares (28.50 per cent.).

On December 15, Joseph Sebag bought 130,000 London City and Westcliff at 22p on behalf of Lonrho.

Capel-Cure Myers purchased 10,000 Dunford and Elliott Ordinary shares at 39p and 14,000 at 41p both on behalf of discretionary clients.

Kien Huat Realty Sendirian together with associates yesterday purchased 205,000 Golden Hope Plantations at 76p and 10,000 at 74.5p.

Herbert Morris expansion

Herbert Morris, which had earlier this year been fighting off an unwelcome take-over bid from Babcock and Wilcox, before the proposed merger was referred to the Monopolies Commission, yesterday disclosed almost doubled pre-tax profits of £2.1m. for the year ended in October.

The figures, which are unaudited estimates, have been released by the Board as it feels that the information would be helpful to the Monopolies Commission, whose decision on the merger proposals is not expected before January 22.

Audited results wil be available early in February, but the Board ads that profits at 1976 levels will be at least maintained in the current year.

IMPERIAL KNIFE EXTENDS

Imperial Knife has received acceptances of only 197,552 shares in Richards of Sheffield, as a result of its £1.9m. offer, which together with its purchases of 105,000 shares represent 4 per cent. of the total shares. It is extending its offer until December 23.

In addition, S. G. Warburg, on behalf of Imperial Knife, has asked for additional financial information to be made generally available regarding Richards.

Such information would include turnover details to accompany the £0.3m. pre-tax profits forecast made by Richards in its defence document, further information on the acquisition of Rodgers Wostenholm in December 1975 and also a figure for six months profits up to September 30.

The stock market seemed to view this as a prelude to a higher offer and Richards shares edged 1p higher to 26½p compared with an offer of 21p.

SHEAF STEAM

Ben Line's offer for the capital of Sheaf Steam Shipping has become unconditional and will remain open.

Acceptances have been received in respect of 3,500,465 shares in Sheaf (approximately 97.23 per cent. of the capital).

RESULTS AND ACCOUNTS IN BRIEF

JOHN BOOTH AND SONS (BOLTON)—Structural and welding engineers. Turnover £2,695,905 for six months to September 30, 1976. Profit £132,094, before tax £66,651 and minorities £[illegible]. Retained £[illegible].

BRIDGEWATER INVESTMENT COMPANY—Group income for year to March 31, 1976, £[illegible] ([illegible]). Profit £[illegible] (£24,307) after tax of £[illegible] ([illegible]). Earnings per share [illegible] (0.40p). Net assets per share 6.7p (7.15p). Dividend [illegible] net per 10p share ([illegible]).

CLIFTON INVESTMENTS—No dividend for year to March 31 1976 (same). Group income £114,160 ([illegible]). Loss £[illegible] (loss £[illegible]) after tax credit £[illegible] (charge £[illegible]). Loss per 10p share [illegible] (loss 0.60p).

BRIDPORT-GUNDRY (HOLDINGS)—Results for year ended July 31, 1976, with chairman's comments on prospects reported November 18. Group fixed assets £2.66m. ([illegible]). Current assets £[illegible] ([illegible]) and liabilities £[illegible] ([illegible]). Meeting, Bridport, Dorset, January 11 at noon.

MARLER ESTATES—Rents receivable £57,646 ([illegible]) for six months to September 29, 1976. Pre-tax profit £19,845 ([illegible]) includes net rents £19,525 ([illegible]), interest payable £17,000 (£30,000) and rent received from development property nil ([illegible]). Tax £10,319 (£24,162). Minorities credit £5,705 (credit £4,161). Net outgoings after tax attributable to development properties £16,503 ([illegible]). Net deficit for period £[illegible] ([illegible]). Deficiency on disposal of property [illegible] (profit £12,936) covered by transfer from [illegible] general capital reserve.

SEKONG RUBBER COMPANY—Profit for year ended March 31, 1976, £[illegible] ([illegible]), tax £[illegible]. Dividend [illegible] per 10p share [illegible]. Balance carried forward £[illegible]. Investments and sums on deposit [illegible]. Profit on sales of investments less tax [illegible]. Market value of quoted investments [illegible]. Board has recently considered offers for Sekong Estate in Sandakan Bay in Sabah and has decided to sell [illegible] [illegible] [illegible] January [illegible] [illegible] current rates [illegible] after sale expenses [illegible] Board [illegible] investment policy.

C. A. SPERATI—[illegible] for year to October [illegible] 1976. Profit £11,[illegible] ([illegible]) after tax of £[illegible]. Earnings per share [illegible] ([illegible]).

STANHOPE GENERAL INVESTMENT COMPANY—Interim dividend [illegible] net [illegible] per 25p share. Maximum permitted final intended ([illegible]). Dividends and interest, half-year to September 29, 1976, £30,776 ([illegible]), net rents £24,982 ([illegible]). Expenses and interest £12,355 ([illegible]), leaving pre-tax profit £[illegible] ([illegible]). Tax £[illegible] ([illegible]). Net revenue £26,050 ([illegible]).

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	165.12
Afghanistan	Afghani (o)	45.20
Albania	Lek (m)	5.90
Algeria	Dinar (a)	[illegible]
Andorra	Fr. Franc	4.9925
	Sp. Peseta	[illegible]
Angola	Ang. Escudo	31.57
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso	287.50
Australia	Australia $	0.9306
Austria	Schilling	17.00
Azores	Port. Escudo	31.37
Bahamas	Ba. $	1.00
Bangladesh	Taka	15.2407
Bahrain	Dinar	0.3974
Balearic Is.	Sp Peseta	68.32
Barbados	Barbados $	2.0025
Belgium	B Franc (m)	38.355
Belize	B $	2.08
Benin	C.F.A. Franc	[illegible]
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.7719
Bolivia	Bolivian Peso	20.20
Botswana	Pula	0.8695
Brazil	Cruzeiro	12.02
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4700
Bulgaria	Lev	0.96
Burma	Kyat	7.0583
Burundi	Burundi Franc	90.00
Cameroun Rp.	C.F.A. Franc	249.63
Canada	Canadian $	0.9952
Canary Is.	Sp. Peseta	[illegible]
Cape Verde Is.	Cape V. Escudo	[illegible]
Cayman Is.	Cay. Is. $	0.8350
Cen. Af. Rp.	C.F.A. Franc	249.63
Chad	C.F.A. Franc	249.63
Chile	Ch. Peso (m)	16.88
China	Renminbi Yuan	1.8980
Colombia	Col. Peso (m)	36.1720
Comoros I'ds	C.F.A. Franc	249.63
Congo (B'lle)	C.F.A. Franc	249.63
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8290
Cyprus	Cyprus £	0.4150
Czechoslovakia	Koruna (m)	5.70
Denmark	Danish Krone	5.9080
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (o)	25.0
Egypt	Egyptian £ (o)	0.3920
Ethiopia	Ethiopian $	2.0655
Eq'l Guinea	Peseta	[illegible]
Falkland Is.	Falkland Is. £*	1.6630
Faro Is.	Danish Krone	5.9080
Fiji Is.	Fiji $	1.13
Finland	Markka	[illegible]
France	French Franc	4.9925
Fr. C'Tyle Af.	C.F.A. Franc	249.63
Fr. Guiana	Local Franc	4.9925
Fr. Pac. Is.	C.F.P. Franc	91.17
Gabon	C.F.A. Franc	249.63
Gambia	Dalasi	[illegible]
Germany (E)	Ostmark (m)(o)	[illegible]
Germany (W)	Deutschemark	2.3938
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.6630
Gilbert Is.	Aust. $	0.9306
Greece	Drachma	37.18
Greenland	Danish Krone	5.9080
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9925
Guam	U.S. $	1.00

Country	Currency	Value of DLR
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	22.25
Guinea Bissau	Peso	31.57
Guyana	Guyanese $	2.5432
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.7010
Hungary	Forint (m)	[illegible]
Iceland	I. Krona	189.90
India	Ind. Rupee	8.7719
Indonesia	Rupiah	415.00
Iran	Rial	70.50
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.6650
Israel	Israeli £	8.7065
Italy	Lira	867.30
Ivory Coast	C.F.A. Franc	249.63
Jamaica	Jamaica $	0.9091
Japan	Yen	294.60
Jordan	Jdn. Dinar	0.330
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3841
Korea (Nth)	Won (a)	0.94
Korea (Sth)	Won	484.00
Kuwait	Kuwait Dinar	0.2882
Laos	Kip Pot Pol (o)	200.00
Lebanon	Lebanese £	2.90
Lesotho	S. African Rand	0.8693
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	2.4557
Luxembourg	Lux. Franc (m)	38.355
Macao	Pataca	[illegible]
Madeira	Port. Escudo	31.57
Malagasy	MG Franc	[illegible]
Malawi	Kwacha	0.8899
Malaysia	Mal. Ringgit	[illegible]
Maldive Is.	Mal. Rupee	8.7264
Mali Rp.	Mali Franc	499.25
Malta	Maltese £	0.4285
Martinique	Local Franc	4.9925
Mauritania	Ouguiya	49.925
Mauritius	M Rupee	6.6790
Mexico	Mexican Peso	20.30
Miquelon	C.F.A. Franc	249.63
Monaco	French Franc	4.9925
Mongolia	Tugrik (m)	[illegible]
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.5025
Mozambique	Moz. Escudo	31.57
Nauru Is.	Aust. $	0.9306
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.4961
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.9306
	Fr. Franc	4.9925
N. Zealand	NZ $	1.0505
Nicaragua	Cordoba	7.02625
Niger Rp.	C.F.A. Franc	249.63
Nigeria	Naira	0.6310
Norway	Nrwg. Krone	5.2306
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.9043
Panama	Balboa	1.00
Papua N.G.	Kina	0.8230
Paraguay	Guarani (m)	126.00
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454
Peru	Sol	65.55

Country	Currency
Philippines	Ph. Peso
Pitcairn Is.	NZ $
Poland	Zloty (m) (o)
Portugal	Port. Escudo
Port. Timor	Timor Escudo
Principe Isle	Port. Escudo
Puerto Rico	U.S. $
Qatar	Qatar Ryal
Reunion Ile de la	French Franc
Rhodesia	Rhd. $
Romania	Leu
Rwanda	Rwanda Franc
St. Christopher	E. Caribbean $
St. Helena	£ Sterling*
St. Lucia	E. Caribbean $
St. Pierre	C.F.A. Franc
St. Vincent	E. Caribbean $
Salvador, El	Colon
Sao Tome	Port. Escudo
Samoa (Am.)	U.S. $
San Marino	Italian Lira
Saudi Arabia	Ryal
Senegal	C.F.A. Franc
Seychelles	S. Rupee
Sierra Leone	Leone
Singapore	Singapore $
Solomon Is.	Australian $
Somali Rep.	Som. Shilling
Sth. Africa	Rand
S.W. Africa Territories	S.A. Rand
Spain	Peseta
Span. Ports in N. Africa	Sp. Peseta
Sri Lanka	S.L. Rupee
Sudan Rp.	Sudan £
Surinam	S. Guilder
Swaziland	Lilangeni
Sweden	S. Krona
Switzerland	Swiss Franc
Syria	Syria £
Taiwan	New Taiwan $
Tanzania	Tan. Shilling
Thailand	Baht
Togo Rep.	C.F.A. Franc
Tonga Is.	Pa'anga
Trinidad	Trin. & Tob. $
Tunisia	Tunisian Dinar
Turkey	Turkish Lira
Turks & C's	U.S. $
Tuvalu	Australian $
Uganda	Ug. Shilling
Utd. Kingdom	£ Sterling*
Un'd Ab. Emir	UAE Dirham
USSR	Rouble
Upper Volta	C.F.A. Franc
Uruguay	Urug. Peso (m)
Vatican	Italian Lira
Venezuela	Bolivar (m)
Vietnam (N)	Dong (m) (o)
Vietnam (S)	Piastre (o)
Virgin Is. U.S.	U.S. $
Western Samoa	Samoan Tala
Yemen	Ryal
Yugoslavia	New Y. Dinar
Zaire Rp.	Zaire
Zambia	Kwacha

هكذا من الأصل

We are investing in Britain's future.

The Annual General Meeting of the Shareholders of National and Commercial Banking Group Limited will be held in the North British Hotel, Edinburgh, on Thursday, 13th January 1977, at 12 noon. The following is from the Statement by Sir James Blair-Cunynghame, OBE, LLD, DSc, Chairman of the Board.

THE YEAR'S OPERATIONS

Three features of the year's operations were common to the experience of both member banks, Royal Bank of Scotland and Williams & Glyn's Bank. These were wider interest rate margins, almost unchanged volumes of sterling deposits and advances and overall costs rising in line with inflation.

Firstly while the average base rate on a daily basis was lower, the margin between the retail deposit rate and base rate was 4 per cent. for nearly the whole of the financial year. It was reduced to 3½ per cent. in the middle of September. Secondly the total of sterling deposits was only slightly higher at the end of the year than in September 1975 while sterling advances also increased marginally. This reflected the severe recession and absence of the business confidence and prospects of profitability necessary to increase investment. Thirdly total costs rose by around 17 per cent.

Royal Bank of Scotland Group: The operating profit, excluding the share of associated companies, was *£31,478,000, or 46* per cent. higher than the previous year. Apart from the element of the rise in the currency lending due to the depreciation of sterling, there has been a further increase in the Royal Bank of Scotland's international business. Included in this activity has been assistance for the financing of exports and oil. The development of North Sea oil operations has continued to provide new business but the pace of expansion has been noticeably slower.

Williams & Glyn's Bank Group: The operating profit, excluding the share of associated companies, of *£20,183,000* shows a rise of 82 per cent. Williams & Glyn's Bank has continued as one of the leading providers of export finance under the guarantees of the Export Credits Guarantee Department, including a number of buyer credit facilities.

GENERAL ECONOMIC CLIMATE AND BANKING

British banking and the financial system continue to be under scrutiny. The long-standing debate about how best the financial sector can serve the needs of industry has been focused by the Labour Party's endorsement of the National Executive Committee's proposals to nationalise the four largest London clearing banks, a merchant bank and certain insurance companies. The Prime Minister's firm rejection of this as a part of Government policy has been followed by the announcement of a Committee under Sir Harold Wilson to consider the role of the City and financial institutions, including the possible extension of the public sector, and to make recommendations. The Royal Bank of Scotland and Williams & Glyn's Bank look forward to joining the other London and Scottish clearing banks in giving evidence to the Wilson Committee.

Last year I tried to explain why the United Kingdom lagged so far behind other countries in coping effectively with her economic difficulties, suggesting that this was largely due to deep-seated pressures arising from rapid and sizeable social change within a country dependent for economic progress upon successful international competition in goods and services. Further evidence of this is provided by the widespread failure to recognise the extent of the conflict between widely accepted social objectives and realistic economic prospects. This represents the most serious problem of our time.

The gravity of the situation and the simplicity of the principal underlying reasons for it – that our productivity is much lower than that of our principal competitors and that we are spending more than we are earning – mean however that quack remedies, such as nationalising the banks and insurance companies, are completely irrelevant to the poor economic performance of this country.

Salient Figures

	1976	1975
Group profit after charging additional provisions but before taxation and extraordinary items	£57,720,000	£37,233,000
Profit after taxation but before extraordinary items	£27,884,000	£17,523,000
Earnings per 25p ordinary share	12.4p	7.8p
Dividend per 25p ordinary share	2.3573p	2.143p
Deposits and customers' current accounts (including notes in circulation)	£3,306,633,000	£3,042,126,000
Total assets	£3,677,529,000	£3,344,803,000

Copies of the Directors' Report and Accounts containing the Chairman's full Statement may be obtained from The Secretary, National and Commercial Banking Group Limited, 36 St. Andrew Square, Edinburgh EH2 2YB.

THE SCOTTISH ECONOMY

All I have said about the deficiencies of the United Kingdom's economy applies with equal force to Scotland where there must also clearly be painful adjustments to both economic structure and attitudes.

It is difficult to comment meaningfully upon the Scottish economy without referring to devolution. There is a widespread fear that it might lead to independence which, on the basis of all available economic evidence, would be highly damaging to the United Kingdom economy as a whole. If a Scottish Assembly were to be established the time might then be ripe for an early referendum in Scotland on the question of total independence, so as to clear up this issue once and for all.

THE FUTURE

Our poor economic performance, indicated by lamentably low productivity compared with our principal competitors, has been long outstripped by the social and political objectives which we have adopted. Continuing attempts to bridge the gap between what we earn and what we want by borrowing have inevitably resulted in inflation and lack of confidence in the £ sterling. Nevertheless it is the growing recognition of the nature of these difficulties which provides the best hope for the future. People will accept the consequences of severe measures which are bound to reduce standards of living provided they are confident that in practice these will be fairly applied and thus that all will bear the burden equally.

For the future therefore unless we assume that a challenge along these lines will evoke a sufficiently general response to reverse present economic and business trends there is no hope whatever. Such a conclusion is no reflection of the thinking and aims of the next generation at all levels and in all occupations throughout the country. It is fortunate that while older people may be too ready to remember the lessons of history the young believe they are making it. This belief will help to provide the confidence and determination which are critically necessary to tackle the daunting difficulties presently confronting the United Kingdom.

5th November 1976.

National and Commercial Banking Group LIMITED

The Royal Bank of Scotland Limited

WILLIAMS & GLYN'S BANK LIMITED

W. R. GRACE

The cutback in Europe

BY DAVID CURRY IN PARIS

THE AMERICAN chemicals, oil and gas and consumer products concern, W. R. Grace, is on the point of completing its withdrawal from the European packaged food business—an enterprise it embarked on in 1962 with the aim of building an operation which would rival that of Unilever or Nestlé.

When it disposes of its majority stake in the French Materne jams concern it will have pulled back from all but a handful of sectors in the food business in Europe (it has also shed packaged food interests in the U.S.) leaving chemicals as its main activity.

The negotiations to dispose of the Materne interests are inconclusive. The French company of the British Brooke-Bond Liebig concern was interested in taking the Belgian and French operation but problems over the Belgian end of Materne's activities were not resolved—though there remains a possibility of Brooke-Bond maintaining its interest in acquiring the French jam operations of Materne. The French company, Patisfrance, showed an interest in the Materne compol division.

When Materne is finally disposed of, Grace will have shed its interests in Van Houten Chocolates of Holland, Hughes Brothers ice cream in Ireland and INA, Danish ice-cream company, a French cooking oil concern Salador and a British pickling enterprise. Its remaining food interests will include the Italian pasta manufacturer, Barilla, the Dutch maker of intermediate chocolate products, Dezaan, a Spanish dairy concern and a Dutch soft-drinks operation.

While there are no plans for further disposals in the immediate future, Grace does not rule out eventual retirement from some of these areas in view of the poor profitability of its European food operations.

This enumeration leaves out, of course, Grace's interests in the French restaurant and hotel group, Jacques Borel International, one of the fallen stars of the French stock exchange.

At its peak, Grace held just under 65 per cent. in Borel. In May, 1975, it agreed to sell 48 per cent. of its remaining 54 per cent. stake to the Jacques Borel Foundation. The 41 per cent. which was delivered immediately brought Grace $35m. after-tax profit ($1.14 per share) which was about three times its original investment. The reason for the sale was Grace's decision not to get involved in Borel's plans for rapid international expansion, both in the hotels sector and geographically.

Grace no doubt thanked its intuition and blessed its $35m. Borel acquired the loss-making Sofitel hotel chain as part of a splurge of acquisition in this sector to go with his own loss-making hotels. First-half losses on hotels this year were Frs.19.3m., and the whole group will be substantially in the red at year's end. In its heyday, Borel was multiplying earnings by 40 per cent. annually.

The balance of Grace's 48 per cent. was due to be sold this autumn to the foundation, but the latter asked for a postponement. The retention of this parcel plus the 8 per cent. remaining in portfolio lifted Grace's total stake back to 15 per cent. but does not, one suspects, indicate a new-found belief in Monsieur Borel's miracle powers.

Grace's European activities minus the food interests are in chemicals, particularly packaging (shrink films to cover fresh meats for example) and sealing materials for food containers. Last year chemicals turnover was around $400m. in Europe against $250m. for food, of which half was Borilla. Last year Europe earned a poor-looking $22.4m. on sales of $956m. There are no large expansion plans in chemicals, though Grace says that it will add enough capacity to supply Eastern European markets from Europe.

The company sees the U.S. as providing most of the excitement over the next few years, although it also talks about the possibilities for expanding its speciality chemicals activities in South East Asia. At the moment the $3.6bn. a year company generates about 75 per cent. of this turnover in chemicals, 10 per cent. in natural resources—largely oil and gas—and 15 per [cent. in] consumer products.

Consumer products em[brace a] chain of 54 sporting [goods] retailers in the North-eas[t] U.S. setting out to provi[de com]plete facilities for sp[...] and two newly added do[-it-your]self supermarkets. The [division] also takes in a chain [of] restaurants in California [...] acquiring 23 Mexican rest[aurants] in the same state.

On the natural re[sources] front, the company has a[...] the equivalent of 90m. [barrels] of oil reserves (half g[as, half] oil) at a cost of $2.40 a[...] over four years and int[ends to] exploit these assets whil[e it] has a coal mine in Colar[ado].

The bedrock remains [chemi]cals, ranging from petro[leum crack]ing catalysts to packagi[ng coat]ings, battery separators, [and] speciality products lik[e ...] plates to the only known [source] of vermiculite (which h[as] high insulating properties [in the] U.S.

The company denies t[hat it is] an example of the trend [towards] disinvestment in Euro[pe and] re-investment in the U.S[., point]ing out that it has no inte[ntion of] withdrawing from its c[hemicals] activities. It admits, [however,] that with the major inve[stment] going outside Europe t[his] will produce a prog[ressively] smaller contribution to [group] performance.

Ironically, Grace's [biggest] shareholder is Europea[n. Ear]lier this year the Flick [group of] Dusseldorf spent aroun[d ...] in acquiring a 12 per ce[nt. stake] in Grace. Flick had [received] DM2bn. for sale of 28 [per cent.] of the 38 per cent. stak[e it held] in Daimler-Benz, and ab[out an] eighth of this went into [buy]ing Grace shares for $1[...] buying a further [...] privately.

Stora Kopparberg forecast

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 16.

STORA KOPPARBERG, the Swedish steel and forest product conglomerate, unveils new details of its strategy for overcoming current setbacks in the prospectus for its new Kr.100m. 1977-1992 bond issue carrying a 9¾ per cent. interest coupon. Pre-tax earnings fell from Kr.411m. in 1974 to Kr.59m. (£8.5m.) last year after a decline of over Kr.300m. in turnover to Kr.3.3bn. (£468m.).

The prospectus anticipates a 1976 operating result "considerably lower" than that of 1975 and insufficient to cover depreciation and interest payments. Turnover is expected to reach Kr.4.5bn. after the acquisition earlier this year of the pulp and paper concern Bergvik och Ala.

The corrected pre-tax loss for the first eight months of this year is Kr.153m. but this figure does not include stock appreciation of some Kr.100m. since the beginning of the year or the State stock subsidies applied for. The steel sector showed a loss even before depreciation but later price developments suggest that sales income should cover manufacturing costs during the last four months, so that the result for 1976 as a whole should be only marginally worse than that for the first eight months.

The prospectus expects the group to achieve a significant improvement in earnings next year which should be reinforced in 1978. This optimism is based on the arrangements now being completed to dispose of some steel operations and on the completion of extensions to the new pulp mill at Skutskär.

Stora Kopparberg is currently abandoning its heavy plate production with a capacity of 250,000 tonnes a year at its Domnarvet steel works in favour of Grängès Oxelösund works. This will enable Domnarvet, which accounts for just under half of group turnover, to concentrate on thinner, more specialised types of steel plate.

At the same time Domnarvet is closing down its stainless steel operations while the group's special steel plants are being disposed of to Uddeholm and Fagersta. The group will in future have sales companies for steel only in Britain, Norway, Denmark and Finland.

These arrangements, according to the prospectus, will release working capital of the order of Kr.500m., which will be used partly to reduce the short-term debt built up to finance stocks of finished goods and partly for the continuation of the investment programme. Proceeds of the new bond issue will also go to current and planned investments.

During 1971-75 Stora Kopparberg invested Kr.1.4bn., of which Kr.730m. went to the forest products sector against Kr.540m. to steel, underlining the current switch of emphasis in group strategy. Investments in 1976 are expected to be around Kr.450m.

AUSTRALIAN COMPANIES

Rights issue from AGC

BY JAMES FORTH

SYDNEY, Dec. 16.

AUSTRALIAN Guarantee Corporation, Australia's largest finance company, is seeking $A13.8m. in its third one for ten cash issues within the past twelve months.

The group will have raised almost $A38m. from shareholders since returning to the stock-market for funds last January for the first time since 1973.

The issue is for gearing purposes in the wake of the company's rapid expansion. Under the group's trust deed, total external borrowings cannot exceed eight times shareholders' funds. At September the total public borrowings of AGC were $A1,236m. and total shareholders' funds $A186m. gross receivables spurted ahead $A500m. in 1975-76.

The issue will lift AGC's shareholders funds back to a comfortable level under the terms of the trust deed to enable the group to continue borrowing from the public.

The shares will be offered at $A1.00—the same price as in the previous two issues. The market closed to-day at $A1.45, giving the rights a theoretical price of 40 cents. The bank of New South Wales, which holds 52 per cent. of AGC's capital, will take up its full entitlement.

AGC expects to maintain the annual dividend rate at 7.5 cents on the higher capital of $A77.1m.

At the company's annual meeting, held in Sydney to-day, Mr. N. H. Routley, chairman, said business since September 30 was "still very good."

● WILLIAM ADAMS AND CO., steel and aluminum merchant and tractor distributor, boosted earnings 23 per cent., from $A1.27m. to $A1.56m. in the October half-year—largely due to a big improvement in the sale of caterpillar tractors.

Earlier this year rolling stock maker Comeng Holdings attempted to acquire Adams in a $A25m. bid, but was thwarted when the U.S.-owned Caterpillar of Australia threatened to withdraw its franchise if Comeng succeeded.

The higher earnings was achieved on a 21 per cent. sales increase, from $A40m. to $A48m. The interim dividend is lifted from 6.25 cents a share to 6.5 cents and is payable on capital increased in September by a one-for-ten cash issue. Last year the company paid a final 7.75 cents.

The directors said they expected the company to maintain its position in the second half, although inflation remained the major threat. "Until a sustained reduction in the inflation rate occurs there will be a lack of consumer confidence and a good deal of unused capacity," they added.

"Nevertheless, we have budgeted for further expansion of the company's activities and recently completed a major extention to our Queensland facilities. A contract for extensions to the Western Australian warehouse is about to be let."

Caterpillar sales rose despite a curtailment in Government spending.

Bahrain National Oil takes over

BY DOINA THOMAS

BAHRAIN, Dec. 16.

THE BAHRAIN National Oil Company, Banoco, formally took over responsibility for the local marketing and distribution of refined oil products from the Bahrain Petroleum Company, Bapco, on December 16, Bahrain's National Day.

This is Banoco's first step towards becoming a fully fledged national oil company, since its vesting day, July 1, when it took over the Government of Bahrain's 60 per cent. stake in Bapco's operation. The other 40 per cent. and the refinery remains with Caltex.

The state company's new responsibilities principally include the distribution and marketing of gasoline, kerosene, and diesel to outlets on and off-shore. But certain bunkering services and the aircraft refuelling operations have been excluded.

Local consumption of refined products in Bahrain has increased by a fifth over the past year, and is expected to continue increasing at this rate.

Enka see reduced loss

ARNHEM, D[ec. 16.]

AKZO NV's Enka Gl[anzstoff] fibre unit 1976 loss [will be] markedly below 1975's F[...] (including streamlinin[g costs)] but will still be hund[reds of] millions of guilders, [Mr. ...] Sorgdrager, Enka m[anagement] board member, said to-[day].

The last half year [was sub]stantially more unfa[vourable] than expected as no [recovery] materialised nor did pr[ices im]prove, he added. M[r. Sorg]drager was speaking [after a] meeting with trade u[nions to] discuss the company's streamlining plans an[nounced] earlier.

Enka earlier said the new streamlining [plan] announced in Novemb[er was] expected to lead to a r[eturn to] profit in 1977.

The cut in jobs would follow a redu[ction of] over 6,000 jobs in [Holland] and West Germany sin[ce] mid-1975.

Mr. Sorgdrager said [the] plan could lead to a [loss] of about 600 non-direc[t produc]tion jobs in Holland in [the next] two years, but decline[d to give] details on how many j[obs would] be involved in West G[ermany]. The company declined [to com]ment on reports that 1[...] in West Germany co[...] stake.

Vroom en Dreesmann takes stake in [...]

AMSTERDAM, [Dec. 16.]

HOLLAND'S biggest d[epartment] stores group, Vroom [en Drees]mann, has purchased [a ... per] cent. stake in Koninkli[jke Bijen]korff Beheer (KBB), [Holland's] second biggest departm[ent store] group.

Vroom en Dreesman[n] bought the stake [for] Fls.60m. on the Amster[dam Stock] Exchange.

The group has give[n KBB an] option to repurchase [the ... per] cent. stake at a pri[ce of ...] guilders per share—in [all a] total price of Fls.75m.

Vroom en Dreesman[n's ... in] 1975-76 reached a [record] level—the group's net [profit for] that fiscal year ende[d ...] 31 was Fls.24m. KBB[’s sales in] the same fiscal year [were] Fls.1.5bn., while its n[et profit] was Fls.12.1m.

AP-DJ

AKZO sells re[...] of Edet

THE HAGUE, [Dec. 16.]

AKZO Consumenten [...] said it would sell its 51 per cent. stake in t[he ...] paper group Edet to [...] Skogsagares Cellulosa [...] giving Norrlands fu[ll control] over Edet.

No financial details [were dis]closed.

Reuter

Koc commissions Andersen for au[dit]

BY METIN MUNIR

ISTANBUL, [Dec. 16.]

KOÇ HOLDING of Turkey have commissioned Arthur Andersen of New York to audit the accounts of six of their major companies as of December 1976, company sources here told the Financial Times to-day.

The auditing is being done in order to enable the holding to arrange internationally syndicated bank loans for these six companies, the source said. They are Arcelik (household appliances manufacturers), Otosan (truck and passenger cars), Turk Demir Dokum (radiator and boilers), Otoyol (trailers), Asil Lik and Doktas.

This will be the first time that a wholly Turkish owned private group has had its accounts audited by an international firm of accountants, according to the company source. If the group are to get their syndicated bank credit this will also be the first time that a Turkish holding has arranged such a loan.

With 56 companies and affiliates, Koc is the biggest private group in Turkey.

Record likely at Eczacibasi

THE ECZACIBASI Group of Turkey, manufacturers of pharmaceuticals and sanitary ware, expect to record profits of 125m. Turkish lira ($7.5m.) in 1976, nearly 29 per cent. higher than last year, a company source told the Financial Times here to-day.

The family-owned group's consolidated assets total 1bn. Turkish lira ($60m.) making them the third biggest privately owned company in Turkey.

Sales this year are estimated to exceed those of last year by 50 per cent. reaching approximately 1.2bn. Turkish lira ($75m.). This figure embraces the sales of wholly owned companies a[nd those in] which the group ha[s a ...] per cent. share inte[rest. Addi]tionally Eczacibasi ha[s] interests in industry and tourism.

The source attribu[ted the] surge in sales to [increased] capacity and higher [ex]ports this year were [expected to] exceed $3m., virtuall[y all] by Dosan an Eczacib[asi] company producing t[...] and canned vegetable[s]. This would be a ver[y big im]provement over last [...]

صورة عن الأصل

Commerzbank indicates satisfactory' year

ADRIAN DICKS BONN, Dec. 16.

[E]RZBANK, last of the [t]hree" West German bank[ing gr]oups to report on its busi[ness d]uring the first ten months [of the] year, expects a "satisfac[tory] result for the year as a [whole] in a letter to shareholders [but o]ffers no specific dividend [forecas]st.

[Busi]ness volume of the bank [rose] by DM2.6bn. (£653m.) [in] the four months from the [end o]f June to the end of [Octob]er, and by that point stood [...] per cent. above the level [at the] end of 1975, at a new level [jus]t under DM42bn.

[Echo]ing the experience of [o]ther West German bank[ing in]stitutions in recent weeks, [Co]mmerzbank said that loan [deman]ds by business remained [disap]pointingly low, reflecting uncertainty about the strength of the West German economic recovery. Poor credit demand from the private sector had, however, been made up by the continuing financing needs of the public sector, while advances to private bank customers had increased by 30 per cent. by the end of October compared to the beginning of the year.

The proportion of long-term credits increased to 43.7 per cent. of total claims on customers. The bank notes that a dampening of inflation was part of the reason for a welcome lengthening of loan periods.

There was a slowdown in new savings deposits, with a net transfer of as much as DM800m. from savings account into securities, the bank reported.

Foreign business expanded further, with foreign branches now accounting for almost 20 per cent. of the parent bank's balance-sheet total. A Commerzbank branch opened in Paris last October, and others are to follow in Brussels and Tokyo, to which the bank stated that it "attaches great importance to our being a shareholder" in the proposed Saudi Investment Banking Corporation, due to open its doors in the second half of 1977. Commerzbank will be the only major European bank with a direct stake in this venture.

In common with other banks, Commerzbank reported a further narrowing of interest margins, though it said a shortfall in income from this source was almost made up by a 5.5 per cent. increase in net commission earnings.

[M]AN plans new share issues

AUGSBURG, Dec. 16.

[Maschi]nenfabrik Augsburg-[Nürnb]erg (MAN), a leading [manufa]cturer of commercial [vehicle]s, engines and capital [goods] sees a 10 per cent. growth [in sale]s in the current fiscal [year en]ding June 30, 1977, from [the pr]evious year's DM3.636bn., [Mr. G]erd Wollburg, deputy [Manag]ement Board chairman, [said to]-day.

[Mr.] Wollburg said MAN [plans] to ask shareholders at [the an]nual meeting in February [to auth]orise an issue of DM15m. [nomina]l in Common shares and [...] nominal of the Pre[ferred] shares. The Common [shares] and DM10m. nominal of [the Pr]eferred shares are ot be [offered] to current shareholders [in a ri]ghts issue, one new share [for ...] old shares, for a price of [...]r cent.

[The] remaining DM20m. [nomina]l in Preferred shares is to [be offe]red on the open market. [Mr. Wo]llburg added the company [has no] intention of selling the [shares] as a packet. MAN is 75 [per cen]t. owned by Gutehoffnung[shütte] Akteinverein (GHH).

[Mr. W]ollburg said MAN hoped [to be] able to pay a suitable [dividen]d again this year. As [previou]sly reported, MAN planned to raise the dividend for the past fiscal year to DM7 per DM50 nominal share, or 14 per cent., from DM6, or 12 per cent. the previous year. Mr. Wollburg said the effect of the corporate tax reform, which becomes effective on January 1, on MAN dividend policy is unclear, but in general companies should be able to offer a 15 per cent. increase in dividends under the new law if earnings are steady.

Order inflow in the first four months of the current fiscal year rebounded strongly after declining to DM.3.695bn. in fiscal 1976 from DM.4.291bn. the previous year, Mr. Wollburg said.

Orders through October 31 this business year totalled DM2.209bn., 127 per cent. more than in the comparable year-ago period. Mr. Wollburg gave a warning that this figure was distorted by large contracts, particularly domestic orders from the Federal German Defence Ministry, that would take many years to deliver.

The order backlog rose to DM5.203bn. on October 31, against DM4.069bn. at the end of the fiscal year and DM4.143bn. on October 31, 1975.

Mr. Wollburg said capital spending in the current year was likely to be lower than the DM182m. spent by the parent company and GHH Sterkrade in fiscal 1976.

Meanwhile, Mr. Hans Moll, MAN management board chairman told a news conference that the proposed joint production of medium-class trucks by MAN and Volkswagenwerk (VW) could capture 20 per cent. of the domestic market almost as soon as it begins full production.

Mr. Moll said the two companies, which signed a letter of intent concerning the proposed co-operation earlier this month, plan to begin production by the end of 1979 and should reach initial production goals of 15,000 units in two or three years.

Mr. Moll said that Daimler-Benz, which holds about a 75 per cent. market share now, should be able to maintain a 50-60 per cent. market share in the class, but its previous domination of the market was unusual and could not last.

MAN, which currently has about half its sales in commercial vehicles, will not build any new factories for the initial stage of the VW co-operation plan, Mr. Moll said, but will refurbish its Nuremberg factory.

AP-DJ

AMEV discloses plans for expansion

By Michael Van Os

AMSTERDAM, Dec. 16.

AMEV, the Dutch insurance company, has decided, to establish a new subsidiary, AMEV Hypotheekbank, which marks an expansion into the mortgage loan field.

The company has an issued and fully paid-up capital of Fls.5m., says a statement released by AMEV in Utrecht where the company is based.

AMEV management Board member Mr. Nengerman commented that the insurance company was now able to offer a more complete financial services package to the customer as mortgage loans would no longer have to be tied to life insurance policies.

He also disclosed that AMEV hoped to be able to start activities in the life insurance sector in the United States—by means of an acquisition—at the beginning of next year. The company follows in the path of Nationale-Nederlanden which has expanded strongly in that sector in the U.S.

Aftermath hits Wheelock shares

Wheelock Marden fell 15 cents to $2.50 to-day following the withdrawal of Hong Kong Land from its previously expressed interest in making an offer, writes Philip Bowring. Just after announcements in late October that both Hong Kong Land and Hutchison were interested in acquiring Wheelock, the shares hit $3. It is thought here that the reorganisation proposals which Wheelock has now promised may involve executive directors John Marden and John cheung retiring into non-executive positions and new management being hired. However, as yet all is merely in the realms of speculation.

THOMSON-CSF

On December 10 the Financial Times stated that Ericsson by way of "dowry" had brought Thomson a first half loss of Frs.50m. In fact, the attributable loss was limited to 38m., since the Thomson stake in Ericsson was only 16 per cent.

AMERICAN COMPANIES

Massey's net income climbs 19%

BY JAMES SCOTT TORONTO, Dec. 16.

PROFIT of Massey-Ferguson for the year ended October 31 climbed to $US117.9m. ($6.04 a share), the highest percentage of sales since 1966. This compares with a restated net profit in the previous year of $98.94m. or $5.32 a share. Sales were $2.77bn. compared with $2.51bn.

The deterioration of a number of currencies reduced the worldwide sales figure, the company said, but improved sales resulted in all areas except Africa. In Europe they rose to $890m. from $813m. a year earlier, and in North America they climbed to $855m. from $746m., an increase of 15 per cent.

Overall, sales of Massey-Ferguson farm and construction equipment and diesel engines outside Canada amounted to 82 per cent. of its world volume. Although the world economy in 1977 was said not to appear as favourable as was expected a year ago, Massey-Ferguson expects its own production and sales to continue at a high level. The first quarter results are expected to be constrained by inventory adjustments in Brazil and production interruptions caused by tractor model changeovers in North America and Europe.

Farm equipment continued to be the mainstay of the company's business, accounting for $2bn. in sales up 10 per cent. Industrial and construction machinery sales rose 7 per cent. to $380m., while diesel engines were up 15 per cent. to $340m. Particularly good growth was enjoyed in West Germany, Iran, Pakistan, Turkey and Argentina. Sales in South Africa dropped by 26 per cent.

As a result of difficult economic conditions the company spent a record $175m. in capital expenditures in 1976. These covered a programme involving introduction of new major products, as well as modernisation and expansion of capacity. For 1977, demand for farm machinery is expected to continue at high levels, somewhat tempered by lower prices resulting from the favourable world grain crops of 1976.

Owens-Illinois plans

OWENS-ILLINOIS INC. expects to spend over $1bn. during the next five years for capital investments, Robert J. Lanigan, president and chief operating officer for domestic operations, said in remarks prepared for delivery to analysts, reports AP-DJ from Philadelphia.

He said the spending rate is aimed at reaching the company's previously announced goals of doubling its sales and earnings during the next five to seven years and that internally generated cash flow should be enough to pay for the major expansion programme.

Lanigan reiterated earlier projections that the company's 1976 performance will represent a record year in sales, net income and share earnings. The previous record was last year's, net of $87.3m. or $6.02 a share on sales of $2.27bn.

Exxon to spend $22bn.

CAPITAL and exploration expenditures of Exxon Corporation are expected to total $22bn. over a four-year period from 1977 through 1980, C. C. Garvin Jr., chairman said in a revised estimate provided to security analysts meeting in Houston yesterday, reports AP-DJ.

Previously the oil concern had said expenditures for the four years would total $20bn.

Record profits at Seagram

THE SEAGRAM Company, the world's largest producer and marketer of distilled spirits and wines, reports record net income and sales for the first quarter of its 1976-77 financial year, reports UNS.

Net income of Seagram, which also has oil and gas interests, improved by 18.9 per cent. from $28m. (£0.80 a share) to $33.4m. (£0.95 a share) in the three months to October 31, 1976.

This includes gains from foreign exchange fluctuations up from a restated $2.5m. to $5.7m. Sales expanded by 5.4 per cent. from $542m. to $571m.

Mr. Edgar M. Bronfman, chairman and chief executive officer of Seagram, says: "The improved results reflect the continuing strength of the U.S. and worldwide markets for Scotch whisky, particularly Chivas Regal, progress and strength in overall international operations, growing demand for our premium wines, and increased earnings contribution from our oil and gas operations."

Although sales in Canada continue to be affected by the exclusion of Seagram products from British Columbia, the company's brands are performing well in other parts of Canada, Mr. Bronfman states.

Operating income before interest, unrealised foreign exchange gains and tax rose by 10.8 per cent. to $65.7m. in the first quarter. Interest charges fell by $633,000 to $17.7m.

As announced on November 18, the regular quarterly dividend is being increased from 20 cents (Canadian) to 21.6 cents a share.

Wood Gundy on oil shares

IN A RECENT discussion of Canadian oil shares, Wood Gundy, Canada's biggest investment house, noted that "the rationale to purchase producing oil companies is based on an interpretation of recent events where takeover bids for companies have substantially exceeded their market prices," reports John Soganich.

In other words, the big broker continued, "some industry experts feel that it is cheaper to purchase production rather than incur exploration costs."

Wood Gundy's recommendations relating to senior companies include Aquitaine of Canada, Dome Petroleum, Home Oil, Imperial Oil, and Pacific Petroleums.

Here is its reason: "We believe that the share prices of selected Canadian oils do not adequately reflect the favourable outlook."

It points to the higher crude oil and natural gas prices that will "generate earnings growth in 1977." Another factor is that "lower provincial royalties will also have a positive impact on earnings."

[EUR]OBONDS

World Bank to raise DM250m.

BY TONY HAWKINS

[W]ORLD Bank is to raise [DM250]m. in the Eurobond [market] with the issue of 10-year [bonds] on an indicated 7 per [cent. c]oupon. Deutsche Bank is [lead m]anager for the issue which [is expe]cted to be priced at 99. [The t]erms reflect to some [extent] the indigestion currently [evident] in the deutschemark [sector] of the Eurobond market [with it]s calendar of DM1bn. of [iss]ues during December. An [apt] comparison is with the Inter-American Develop[ment] Bank DM100m. issue [priced] at 99½ on a 7 per cent. This issue is currently [tradin]g at a significant dis[count], trading at around 97½.

[The] recent World Bank 8¾ per cent. 7-year issue [said] by some market sources [not to] have been fully placed [an]d is standing at a discount, trading at 98½—after being priced at 99½. In the light of this situation, the terms for to-day's new issue are probably a shade more generous than would have been the case a few weeks ago.

The DM100m. bond issue for ICI International Finance priced at par on a 7½ per cent. coupon this week is currently trading at 98½-99, but the lead managers, Dresdner Bank say the issue was extremely well received in the market.

In the dollar sector, the Hamersley Holdings two-tranche $80m. bond issue is to be priced to-day. There are two tranches of $40m. each—one of 7-year notes on an 8¼ per cent. coupon and one of 15 year debentures on a 9¼ per cent. coupon.

In active secondary market trading, bond prices continued their advance yesterday. Dealers again noted demand for U.K. issues with the South of Scotland moving better to 98¾-99¼. There was also good demand for some of the older U.K. issues such as Hambros and Great Universal Stores. The market was apparently unaffected by agency reports that nearly all the OPEC States—with the important exception of Saudi Arabia—favoured a 15 per cent. oil price increase, but some dealers believe that any oil price increase in excess of 10 per cent. would be bearish for the market because of the inflationary implications.

There was very heavy turnover yesterday in the Norges Kommunalbank 8½ per cent. 15-year paper, priced early this week at 99½, at 98½-99. The Orient Leasing $20m. issue of 7-year notes priced at 99¼ on a coupon of 8¼ per cent. traded at 98½-99 as well.

BONTRADE INDEX

	Thursday	Wednesday
Medium ...	102.21	102.13
Long	94.19	93.99
Convertible	107.69	106.58

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1989	104½	103½
Australia 8½pc 1991	100½	101
Bowater 9½pc 1985	103	—
Can. N. Railway 8½pc '86	101	101½
Credit National 8½pc 1986	97½	98½
Denmark 8½pc 1984	99	99½
ECS 9½pc 1986	102½	103½
EIB 8½pc 1983	101	101½
Erap 9½pc 1983	103	103½
Esso 8pc 1986 Nov.	104	104½
Eurofima 8½pc 1983	102½	103½
Granges 9½pc 1985	102½	103½
ISE Canada 9½pc 1986	104½	105½
Massey Ferguson 9½pc '91	104½	105½
Michelin 9½pc 1988	101½	102½
Midland Int. Fin. 8½pc '86	97½	98
Modo 9pc 1986	98½	99
Nat. Westminster 9pc 1986	99½	100½
Newfoundland 9½pc 1986	101½	102
Norpipe 9½pc 1986	102½	103½
Norsk Hydro 9pc 1991	101½	102½
Oslo 9pc 1988	102½	103
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1984	101	101½
Quebec Hydro 8½pc 1986	98½	99½
Prov. Saskatch. 8½pc 1986	102	102½
Skandvka. Enskilda 9pc '91	100½	101½
Volvo 9½pc 1985	103	103½
NOTES		
Australia 8½pc 1983	103½	103½
Australia 8½pc 1986	101½	102
Dow Chemical 8pc 1986	102	102½
ECC 8½pc 1982	101½	102½
Kockums 8pc 1983	99	99½
Michelin 8½pc 1983	101½	102½
Montreal Urban 8½pc 1981	99½	100½
Nat. Coal Board 8½pc 1981	100	100½
N. Brunswick Prv. 8½pc '83	103	103½
New Zealand 8½pc 1986	100	100½
Nippon Fudosan 8pc 1981	100½	101
South of Scotland Elec. 8½pc 1981	98½	99½
FLOATING RATE NOTES		
Vizcaya 7½pc min. 1981	93½	94½
Urquijo 7½pc min. 1981	97½	97½
Bk. Tokyo Hldg. 8½pc min. 1981	101	101½
LTCB of Japan 6½pc min. 1981	99½	100
D. MARK BONDS		
Beecham 8pc 1983	101½	102½
EIB 6½pc 1984	98½	98½
ICI 7½pc 1986	98½	99
Int. American Dev. Bank 7pc 1987	97½	98½
New Zealand 7½pc 1986	103½	104
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	84	86
Ashland 5pc 1988	88½	90½
Beatrice Foods 4½pc 1992	101½	103½
Beatrice Foods 4½pc 1992	120	122
Borden 5pc 1992	103½	105½
Broadway Hale 4½pc 1987	78½	80½
Canon Camera 7½pc 1990	190	195
Carnation 4pc 1987	88½	90½
Chevron 5pc 1988	121	123
Dart 4½pc 1987	85½	87½
Eastman Kodak 4½pc 1988	103½	105½
Economic Labs. 4½pc 1987	76½	78½
Fed. Dept. Stores 4½pc '85	116	118
Firestone 5pc 1988	88	90
Ford 6pc 1986	97	99
Ford 5pc 1988	89	91
General Electric 4½pc 1987	85	87
Gillette 4½pc 1987	78	79
Gould 5pc 1987	114	116
Gulf and Western 5pc 1988	96	98
Harris 5pc 1992	99	101
Honeywell 6pc 1986	85	87
ITT 4½pc 1987	77	79
Komatsu 7½pc 1990	102	103½
J. Ray McDermott 4½pc '87	143	145
Mitsubishi Elec. 7½pc 1991	103	104½
Mitsui 7½pc 1990	103	104½
J. P. Morgan 4½pc 1987	109½	111½
Nabisco 5½pc 1988	99	101
Owens Illinois 4½pc 1987	117	119
J. C. Penney 4½pc 1987	84	86
Pioneer 6½pc 1989	306	—
Raymond 8½pc 1983	104½	103½
Revlon 4½pc 1997	106	108
Reynolds Metals 5pc 1988	87	89
Sperry Rand 4½pc 1987	96	98
Squibb 4½pc 1987	75½	77½
Texaco 4½pc 1988	78	80
Toshiba 6½pc 1990	106	107½
Union Carbide 4½pc 1982	108	110
Warner Lambert 4½pc 1987	81½	82½
Warner Lambert 4½pc 1988	77½	79½
Xerox 5pc 1988	78½	80½
Source: Kidder, Peabody Securities.		

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early 3.7 fall on profit-taking

BY OUR WALL STREET CORRESPONDENT

FURTHER profit-taking pushed prices to slightly lower levels on Wall Street today, following some uncertainty injected by the wrangling among OPEC members over whether to raise oil prices, and by how much.

By 1 p.m. the Dow Jones Industrial Average was off 3.74 at 980.05 after dipping 6.48 to 977.31, but the NYSE All Common Index lost 24 cents to $56.30 while declines led advances more than a two-to-one majority. But the trading volume decreased 3.00m. shares to 12.04m., compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

Analysts noted the market has "overridden" some bullish news on interest rates and the state of the economy, as demonstrated in Industrial Production Figures and an upward revision of October Leading Economic Indicators.

Technical factors, such as year-end tax selling and portfolio switching added to the downward move.

At the opening the Government reported Personal Income in November was up 1.1 per cent., the highest jump since August, 1973.

U.S. Steel gave way $1 to $50½—it predicted 1976 earnings of $3.10 to $3.25 a share, off from $6.80 a share in 1975 as adjusted for a stock split.

UAL at $27 and Trans World Airlines at $12½ each gave up $½—both reported losses for November.

Pepsico declined $2 to $76½, Sperry Rand $1 to $45, and Revlon $1 to $40½, but Southern Union moved up $1½ to $39¾.

Data General were down $1 to $42½.

American Telephone were active but lost $1 to $64, while Smithkline shed $¾ to $78½.

THE AMERICAN SE Market Value Index lost 0.44 to 103.78, while declines led advances by 317-to-185. Trading volume decreased 260,000 shares to 1.57m., compared with 1 p.m. yesterday.

WEDNESDAY'S ACTIVE STOCKS

	Stock traded	Closing price	Change on day
[illegible]	[illegible]	[illegible]	[illegible]

OTHER MARKETS

Canada lower

Canadian Stock Markets turned generally lower in moderate trading yesterday morning.

The Industrial Share Index lost 0.72 to 166.84. Base Metals 0.25 to 76.28, Western Oils 0.25 to 215.47, Utilities 0.32 to 138.42 and Banks 2.26 to 220.68. But Golds put on 1.13 to 295.50 and Papers gained 0.12 in 105.57.

Massey-Ferguson, the most active issue, dropped $1¾ to $21½ on 36,400 shares—it projected "constrained" first quarter earnings.

PARIS—The majority of French shares slipped back in a quiet session. Investors took no notice of the lowering of the Call Money rate by ¼ per cent. to 10¼ per cent.

All sectors apart from Mechanicals showed declines, although there were some isolated spots of resistance to the general trend.

Foreign issues were also mostly lower, with International Oils leading the downtrend. Americans finished mixed.

BRUSSELS—Most prices fell as the Bourse reacted to the possibility of OPEC raising crude oil prices 15 per cent. from next year. Trading was active, but most movements remained small.

Steels were mixed. Non-Ferrous Metals lower. Chemicals eased a little and Oils declined. Holdings weakened, while Electricals and Utilities finished steady.

U.S. stocks declined. South African Golds were lower, as were Dutch issues. Germans were steady while French stocks eased.

AMSTERDAM—Shares fell across the board. Akzo shed Fls.1 to 25.3 on Enka's 1976 loss forecast.

Declines elsewhere were led by KLM, down Fls.8.8 to 85.2, on its load factor fall. Bijenkorf, off Fls.3.8 to 82, on the news that unlisted Vroom en Dreesmann had acquired a major stake in Bijenkorf, and Heineken, Fls.2.3 lower at 123.9, ahead of its annual report, due Saturday.

State Loans weakened.

GERMANY—Somewhat lower. Chancellor Helmut Schmidt's formal announcement that the Government would ready a standby programme of public spending had been largely discounted, due to leaks that appeared in the Press earlier in the week.

In Motors VW lost DM1 to 129.50, while Daimler-Benz put on DM0.50 to 331.50.

Banks tended lower, with Deutsche down DM2.50 at 252.10 and Dresdner DM2.40 at 225. Commerzbank fell DM2.50 to 190.50 although it expects satisfactorily earnings this year.

Among otherwise-maintained Stores, Karstadt lost DM2.50 to 333.

Engineerings were mixed. MAN gave way DM3 to 160 although it expects a 10 per cent. turnover rise in the year ending June 30.

Public Bonds eased by up to DM0.40, with the Authorities buying DM12m. nominal of stock. Foreign Mark Loans were mixed.

SWITZERLAND—Slightly lower in featureless trading.

Insurances were narrowly mixed, movements were restricted throughout Industrials, while Banks eased.

Dollar stocks were irregular. Dutch issues easier, while Germans were steady.

COPENHAGEN—Mainly higher in moderate dealings.

OSLO—Bankings were firm, Shippings quiet, while Industrials and Insurances were slightly higher.

NEW YORK, Dec. 16.

MILAN—Mixed in moderately active trading, with Pirelli up L123 at 1,780, and Fiat, up L12 at 2,102, attracting strong interest.

VIENNA—Generally steady.

HONG KONG—Lower in active trading.

Hong Kong Bank were down 20 cents to $HK18.00, Hong Kong Land 10 cents to $HK7.25, New World 5 cents to $HK1.30, Hutchison 2½ cents to $HK3.325, Wheelock "A" 15 cents to $HK2.30, Jardine 40 cents to $HK17.40, Swire Pacific "A" 5 cents to $HK9.55, Hong Kong Electric 2½ cents to $HK4.85, China Light 10 cents to $HK18.20.

TOKYO—Mixed with a steady undertone in very active trading. Volume 400m. (330m.) shares. Late selling wiped out initial gains, with investors becoming cautious on a sharp rise in the outstanding balance of buying in Margin Trading.

Motors, Electricals and many other Blue Chips were easy after opening firm. TDK Electronics shed Y50 to Y1,800.

Petroleums fell on profit-taking. Fuji Photo Film added Y26 at a new high of Y796 on anticipated good earning prospects.

Department Stores firmed on Investment Trust buying and Foods were also better. Adjinomoto rose Y9 to a year's high of Y519 on expectations of a bonus issue.

JOHANNESBURG — Closed yesterday—Day of the Covenant Holiday.

AUSTRALIA—Mixed in dull trading, with most Mining leaders easier but some buying interest seen in key Industrials.

BHP firmed 2 cents to $A7.78, CSR 3 cents to $A3.63 and Comalco 5 cents to $A2.30.

Aust. Guarantee put on 2 cents to $A1.50 on plans for a one-for-ten rights issue. Philip Morris regained 30 cents to $A8.00.

Pancontinental dipped 20 cents to $A8.90 and Central Norseman lost 3 cents to $A2.30, but MIM gained 2 cents to $A2.42.

Indices

NEW YORK —DOW JONES

	Dec. 15	Dec. 14	Dec. 13	Dec. 10	Dec. 9	Dec. 8	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	983.79	980.65	974.24	975.15	970.74	968.28	1014.79	858.71	1051.70	41.22
H'ome Bonds	91.61	91.22	91.61	91.76	91.62	91.58	91.62	85.66	[illegible]	[illegible]
Transport	234.45	232.25	230.50	230.97	231.10	230.79	234.45	175.69	279.88	13.23
Utilities	105.54	105.54	105.44	105.70	105.57	105.15	105.86	84.8	163.32	10.58
Trading vol. 000's	28,500	25,150	24,630	25,260	31,400	24,550	—	—	—	—

* Basis of index changed from July 1.

	Dec.	Nov. 26	Nov. 22	Year ago (approx.)
Ind. div. yield %	4.30	4.26	4.24	4.57

STANDARDS AND POORS

	Dec. 15	Dec. 14	Dec. 13	Dec. 10	Dec. 9	Dec. 8	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	116.75	116.72	116.22	116.21	115.13	115.65	120.6	101.64	134.64	3.52
Composite	105.14	105.07	104.62	104.70	104.51	104.09	107.83	[illegible]	120.24	4.40

	Dec. 8	Dec. 1	Nov. 24	Year ago (approx.)
Ind. div. yield %	3.75	3.78	3.77	3.81
Ind. P/E Ratio	11.27	11.13	11.54	12.16
Long Gov. Bond yield	5.24	5.28	5.55	6.12

N.Y.S.E. ALL COMMON

Dec. 15	Dec. 14	Dec. 13	Dec. 10	1976 High	1976 Low
56.65	56.58	56.35	56.53	57.51	47.06

Rises and Falls	Dec. 15
Issues Traded	1,971
Up	898
Down	629
Same	446
New Highs	150
New Lows	4

MONTREAL / TORONTO / JOHANNESBURG

	Dec. 15	Dec. 14	Dec. 13	Dec. 10	1976 High	1976 Low
MONTREAL Industrial	168.12	166.81	166.16	165.31	207.56	161.54
Combined	168.49	167.06	167.11	165.51	192.78	162.16
TORONTO Industrial	167.50	166.55	166.60	167.01	197.43	162.72
JOHANNESBURG Gold	174.7	175.4	176.4	178.1	226.7	116.0
Industrial	188.2	178.5	178.7	178.1	[illegible]	175.8

	Dec. 15	Pre-vious	1976 High	1976 Low
Australia	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	717.9	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hongkong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	71.22	71.56	[illegible]	[illegible]
Japan	369.79	366.95	[illegible]	[illegible]
Singapore	269.8	269.60	[illegible]	[illegible]
Spain	74.77	74.82	[illegible]	[illegible]
Sweden	329.66	327.47	[illegible]	[illegible]
Switzerland	275.6	274.2	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1000; the last named based on 1975). [illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—122½% (119½%).

NEW YORK

Stock	Dec. 15	Dec. 14
Corning Glass	68¾	71½
CPC International	47½	47¼
Crane Co.	28	27
Crocker Nat.	27¼	27½
Johns Manville	34½	[illegible]
Johnson Johnson	75½	[illegible]
Johnson Control	26¾	[illegible]
Joy Manufacturing	35¼	[illegible]
[illegible]	[illegible]	[illegible]

CANADA

Stock	Dec. 15	Dec. 14
[illegible]	[illegible]	[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◆ Frs.500 denom. unless otherwise stated. ° Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ◆ Interim since increased.

GERMANY ◆

Dec. 16	Price DM	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Dec. 16	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Dec. 16	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Dec. 16	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	472	−8	—	—
ANIC	391	−10	—	—
Assonia Fin.	2,980	−10	120	4.4
Bastogi	875	+1	—	—
Breda	1,870	−16	105	5.6
Burgo	[illegible]	[illegible]	—	—
Centrale	5,570	−10	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Dec. 16	Price Frs.	+ or —	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ◆

Dec. 16	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN

Dec. 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Dec. 16	Aust. $	+ or —
ADMIL	10.55	
Acrow Australia	10.75	
Adelaide Brighton Cem. 50c	11.20	−0.01
Allied Mnrg Trdg Indus $1	11.50	−0.02
Ampol Exploration	[illegible]	−0.02
Ampol Petroleum	10.60	
[illegible]	[illegible]	[illegible]

TOKYO ¶

Dec. 16	Prices Yen	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

STOCKHOLM

Dec. 16	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

Dec. 16	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Dec. 16	Price Cruz.	+ or —
Banco Brasil PP	5.08	
Belgo Mineira OP	2.88	
Brahma PP	1.65	
Docas Santos OP	0.94	
Lojas Amer OP	4.20	
Petrobras PP	2.51	
[illegible]	[illegible]	[illegible]

Vol. Cr.[illegible] Source: Rio de [illegible]

JOHANNESBURG

MINES

Dec. 16	Rand	+ or —
Anglo American Corpn.	[illegible]	
Charter Consolidated	[illegible]	
East Driefontein	[illegible]	
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or —
[illegible]	[illegible]	[illegible]

SPAIN ▼

December 16	Per cent.	+ or —
Asland	[illegible]	
Banco Bilbao	[illegible]	
Banco Atlantico	[illegible]	
[illegible]	[illegible]	[illegible]

Sterling weak

Sterling remained depressed yesterday, and trading was fairly nervous as the foreign exchange market continued to assess the implications of the Government's economic measures.

The general feeling was not very different from the initial reaction to the package, namely that it is unlikely to represent a solution to Britain's economic problems, and that the Government had done only the bare minimum to obtain approval for the IMF loan.

Some optimism may have been gained from the fact that the IMF will keep a close watch on the economy over the next year and will only release the full amount of the $3.9bn. loan provided certain targets are met.

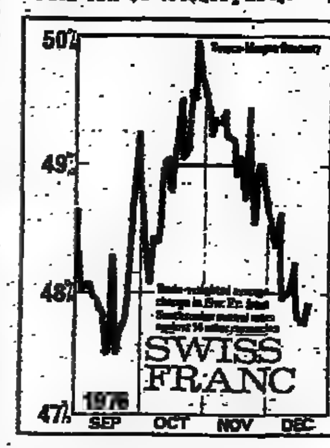
Indications that a solution to the problem of the sterling balances may be found early next year led to a sharp improvement after lunch, but the pound tended to slide in line with the dollar in the afternoon on reports that Opec Ministers were considering a rise of 15 per cent. in oil prices.

Sterling opened at $1.6620-1.6630 and touched a best level of $1.6660-1.6670, before falling to $1.6560-1.6570. It improved to $1.6660-1.6670 again in the afternoon, and closed at $1.6620-1.6630, a fall of 55 points on the day.

The pound's trade-weighted depreciation since the Washington Agreement of December, 1971, as calculated by the Bank of England, widened to 45.2 per cent. from 44.4 per cent., after standing at 45.1 per cent. at noon and 45 per cent. in early dealings.

The dollar lost ground against most major currencies, following the news from the Opec meeting, but the Japanese yen was even weaker, since Japan is almost totally dependent on oil for its energy supplies. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty, widened to 0.77 per cent. from 0.78 per cent.

Gold fell $1 to $133¾-134¼.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Dec. 15	Dec. 14
Sterling	0.685625	0.684802
U.S. dollar	1.15455	1.15457
Belgian franc	42.2049	42.2615
Deutschemark	2.76562	2.76772
French franc	5.75925	5.76117
Italian lira	999.301	998.992
Japanese yen	341.288	340.351
Dutch guilder	2.88178	2.88304
Swedish krona	4.81682	4.82180
Swiss franc	2.83502	2.83386

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Dec. 16	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	2.4853-63	47.78-83	[illegible]	3.98-3.985	96.0-0.6	97.40-45
N. York *	41.61-62	—	[illegible]	[illegible]	1.6620-1.6640	40.10-12	40.70-75
Paris	209.55-10	[illegible]	—	[illegible]	8.295-320	200.40-50	203.41-½
Brussels	[illegible]	[illegible]	1.23-0	—	[illegible]	[illegible]	14.22-87
London	3.96½-97½	1.662-1.663	8.29½-30½	[illegible]	—	4.13-14	4.07-08
Am'd'm	104.17-0.25	2.4907-32	48.865-9.5	[illegible]	4.14½-7½	—	101.56-61
Zurich	102.65-74	2.4495-4505	49.09-12	6.72½-73½	4.083-0735	98.56-64	—

U.S.$ in Montreal. U.S.$ = 101.65-70 Canadian cents.
Canadian $ in New York. C$ = 98.32-34 U.S. cents. U.S.$ in Milan 865.50-866.50.
Sterling in Milan 1442.00-1443.50. *Rates for Dec. 15.

EURO-CURRENCY INTEREST RATES*

Dec. 16 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
Short term	15¾-16¼	4⅛-4⅜	8½-9½	6⅝-7¼	4⅝-4⅞	[illegible]
7 days notice	16-16½	4⅝-4⅞	8½-9½	6⅝-7¼	4¼-4⅞	[illegible]
Month	16⅜-16⅞	4⅞-5⅛	8⅝-8⅞	6¾-7¼	4⅞-5	1½-1⅞
Three months	16⅜-16⅞	5-5¼	8⅝-8⅞	6½-7	4¼-4⅞	1⅞-2
Six months	16-16½	5¼-5½	8⅝-8⅞	6⅝-6⅞	4½-4⅞	2⅛-2⅜
One year	14⅝-15⅛	5½-5¾	8⅝-8⅞	6⅜-6⅞	4⅞-5	2¼-2½

Euro-French deposit rate: two-day 10½-10¾ per cent.; seven-day 10½-10¾ per cent.; one-month 11½-11¾ per cent.; three-month 12½-12¾ per cent.; six-month 12½-12¾ per cent.; one year 12-12½ per cent.

Longer-term Eurodollar deposits: two years 6½-6¾ per cent.; three years 6¾-7 per cent.; four years 7¼-7½ per cent.; five years 7¼-7½ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4¼-4⅜ per cent.; three-month 4¾-5 per cent.; six-month 5⅛-5¼ per cent.; one year 5½-5⅝ per cent.

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. ‡ Following 17.5 per cent. devaluation. "dis" Discount.

GOLD MARKETS

Gold Bullion (a fine ounce)	
Close	$133[illegible]
Opening	$132[illegible]
Morning fix'g	$132[illegible] (£79[illegible])
Afternoon fix'g	$134 (£80[illegible])
Gold Coins domestically	
Krugerrand	$137 (£82[illegible])
New Sov'r'gns	$47 (£28[illegible])
Old Sov'r'gns	$45 (£27[illegible])
Gold Coins internationally	
Krugerrand	$137 (£83[illegible])
New Sov'r'gns	$47 (£28[illegible])
Old Sov'r'gns	$43-4[illegible] (£26[illegible])
$20 Eagles	$220[illegible]

FOREIGN EXCHANGE

Dec. 16 1976	Bank Rate %
New York	5¼
Montreal	9
Amsterdam	6
Brussels	9
Copenhagen	10
Frankfurt	3½
Lisbon	6½
Madrid	7
Milan	15
Oslo	6
Paris	10½
Stockholm	8
Tokyo	6½
Vienna	4
Zurich	2

* Basic discount. convertible franc. 80.65.

OTHER MARKETS

Argentina	445.85-444.[illegible]
Australia	1.5755-1.581[illegible]
Brazil	19.85-20.05
Finland	[illegible]
Greece	61.689-62.74[illegible]
Hong Kong	7.826-7.935
Iran	114-118
Kuwait	0.475-0.480
Luxembourg	[illegible]
Malaysia	4.1845-4.202
N. Zealand	1.5128-1.5017
Saudi Arab	5.85-5.90
Singapore	4.0780-4.095
S. Africa	1.4385-1.4551

† Rate given [illegible]

FORWARD RATES

	One month
New York	1.65-1.55 c. [illegible]
Montreal	1.15-1.05 c. [illegible]
Amst'dam	5¼-2¼ c. pm
Brussels	40-20 c. pm
Cop'nhg'n	[illegible]
Frankfurt	4¼-3¼ pf. pm
Lisbon	50 c. pm-10c. [illegible]
Madrid	70-170 c. dis
Milan	5-20 lire dis.
Oslo	5¼-3¼ ore pm
Paris	4.3 c. pm
Stockh'lm	5¼-1¼ ore pm
Vienna	28-18 gro pm
Zurich	5¼-4¼ c. pm

Six-month forward U.S. dollar [illegible] pm and 12-month 13.4[illegible]

FARMING AND RAW MATERIALS

Income of farmers up claim ICI

By Our Commodities Editor

MANAGEMENT AND investment income of the 227 farmers monitored by ICI under its Guide farms scheme, rose in the 12 months to June, 1976, for the first time in four years, it was reported yesterday.

After taking inflation into account, there was a real increase of only 5 per cent, caused mainly by fixed costs being contained below the inflation rate.

The report claims that grass is a natural resource in Britain of similar importance to North Sea oil and coal. In 1975 the U.K. food import bill at ... was only 7 per cent ... in the cost of importing ... products. But only ... was invested in agriculture in 1974-75 against £2,000m. ... and coal.

Meanwhile Sir Henry Plumb, president of the National Farmers' Union, emphasised yesterday that the higher food prices resulting from the cut in subsidies announced in Mr. Healey's mini-Budget this week would not bring any more money to farming.

He claimed farmers, who needed extra income if investment in production was to be increased, were being denied sufficient resources and the ability to cut the U.K. food import bill by £650m. a year.

Food aid fund reaches $1bn. target

ROME, Dec. 16.

... aid fund designed to help the world's poorest nations grow enough food to feed their people has finally reached its target figure of $1bn., UN Food and Agriculture Authority officials said here to-day.

The fund, known as the International Fund for Agricultural Development (IFAD), stems from the UN World Food Conference which met here in 1974 to draw up proposals for ways to tackle the problem of world hunger.

It was said that additional pledges totalling $31.5m. had been received, enabling the fund to go into operation.

It is intended to provide an international forum for developed, developing and oil-producing nations to work together in an effort to overcome the world's food problems.

For the first time, third world countries will have an equal weight with donor nations in deciding the best way to use available ...

Soviet grain purchasing halt predicted

BY DAVID SATTER

MOSCOW, Dec. 16.

MR. RICHARD BELL, U.S. Assistant Agriculture Secretary, said to-day that in the light of this year's excellent Soviet grain harvest the Soviet Union was unlikely to make major U.S. grain purchases in the near future.

Mr. Bell, who finished two days of talks with Soviet officials on the progress of last year's U.S.-Soviet agreement which commits the Russians to purchase 6m. tons of grain annually for the next five years, said the Soviet Union had purchased 6.6m. tons of American wheat and maize for delivery by next September. Soviet officials had left open the possibility of buying an additional 1.4m. tons.

These additional purchases would raise total Soviet purchases above the 6m. ton minimum by 2m. tons—the extra amount which would according to the agreement be sold without prior U.S. Government clearance.

However, Mr. Bell said that he was now convinced the Soviet harvest was a record "and we do not think there will be any more big purchases of American grain anytime soon."

He said Soviet officials spoke repeatedly of their record grain harvest even though final figures were not yet available. The Soviets have already declared that this year's harvest will exceed 220m. tons.

The record Soviet grain crop was 222.5m. tons harvested in 1973. Mr. Bell said prospects for the Russian winter wheat crop, which accounts for a third of the total, were "good to excellent . . . the sowing has been successful."

Mr. Bell also said he believed the USSR has no immediate plans to buy Soyabeans.

Over the past year the USSR has bought some 2m. tonnes of soyabeans on the world market, including about 1.3m. tonnes from the U.S., he told journalists.

China sale

"It is my impression that they have no immediate plans to purchase any soyabeans," he said, adding: "A lot of what they have already purchased is still arriving but this does not mean that they might not want to buy some more some time early next year."

In Buenos Aires, meanwhile, Argentine Government sources told Reuter they were still awaiting confirmation and details from a grain mission in Peking about a reported sale of 200,000 tonnes of wheat to China.

Press reports in Hong Kong claim an Argentine mission headed by Sr. Jorge Zorreguieta, Under-Secretary of Agriculture, yesterday signed with the Chinese Food Corporation a 200,000 tonne wheat sale contract for shipment between February and June, 1977.

The mission left for China early this month to negotiate sale of Argentine grains to that country. But they were still awaiting confirmation and details of the transaction from the Zorreguieta mission.

In Winnipeg the Canadian Wheat Board has announced a 500,000 tonne sale of wheat to Egypt.

The new sale, negotiated on behalf of the Wheat Board by one of its accredited agents, Continental Grain Company (Canada), was made possible by a Government of Canada repayment guarantee which allowed the Board to extend credit to Egypt.

Oil threat unsettles metals

BY JOHN EDWARDS, COMMODITIES EDITOR

FEARS OF a higher than expected rise in oil prices unsettled the London metal markets yesterday. But the confused reports from the OPEC meeting in Qatar, and the easier tone in sterling, restricted price declines to modest proportions. Copper and tin, in fact, closed only marginally lower while there were sharper falls in lead and zinc.

Although an oil price rise of 15 per cent. would be highly inflationary and eventually raise the cost of producing metals substantially, the immediate impact would be to reduce demand further and delay still longer the hoped-for general recovery in economic activity needed to clear the present heavy surplus supplies available, notably of copper.

Mr. Axon Soko, Zambian Minister of Mines, warned yesterday in Lusaka that the projected upswing in copper prices next year might not materialise if the oil producing countries went ahead with their threats to raise the cost of oil.

He told a meeting of industrialists that soaring production costs, low copper prices and the general world recession had brought Zambia serious economic problems.

Meanwhile, Reuter reported from Paris that CIPEC (the Council of Copper Exporting Countries) is still undecided what new pricing mechanism should be introduced to boost world copper prices from their current low levels. On suggestion is that a new pricing system could involve the introduction of an extra average amount applied on top of the current London Metal Exchange daily copper quotation.

However, CIPEC apparently would prefer to approach the subject of new pricing mechanisms in co-operation with the UN Conference on Trade and Development and does not intend to tackle it alone.

The Unctad intergovernmental group of experts on copper (IEGC) will meet for two weeks in February and one week in March, 1977, to discuss the copper price problem, and an extraordinary CIPEC conference of ministers will be held sometime after that to assess the conclusions of the discussions.

World copper stocks rise

NEW YORK, Dec. 16.

WORLD REFINED copper stocks rose 17,400 short tons to 1,475,200 tons in October, the American Bureau of Metal Statistics said here. This compared to a decrease of 10,200 tons to 1,457,800 tons the previous month.

ABMS estimated world copper stocks in October of last year at 1,386,900 tons.

Refined copper stocks in the U.S. increased 16,700 tons during October to 372,800 tons while stocks abroad gained 700 tons to 1,102,400 tons.

World crude production fell in October to 527,400 tons from 547,400 tons during September. But it was up from 500,300 tons in October last year. Refined output rose to 533,300 tons in October from 512,600 tons in September and 471,700 tons in October, 1975.

World refined deliveries to fabricators fell to 523,500 tons in Ocober from 553,700 tons in September. In October, 1975, they were only 405,500 tons.

Aluminium output rise forecast

By Our Commodities Staff

THE WORLD aluminium industry could be operating at maximum capacity next year with stocks around normal levels as the market readjustment seen in 1976 continues in 1977, Pechiney Ugine Kuhlmann, the French producer, said yesterday, reports Reuter from Paris.

In a statement the company said general economic activity was expected to grow at a lower pace than in 1976, but primary aluminium consumption in France should increase. This year primary aluminium consumption was expected to reach 480,000 tonnes, around 20 per cent. up on 1975 and about the same as in 1974.

Meanwhile, a substantial world surplus of aluminium was forecast in the first issue of Aluminium Trends, a periodical series of reports published by the Amalgamated Metal Corporation. Further issues will be published as significant changes in the industry make them necessary, the AMC said.

The booklet said producer stocks should rise to 1.3m. tonnes by the end of 1978. "Thereafter there will be a metal deficit of 175,000 tonnes and 370,000 tonnes in 1979 and 1980 respectively," it added.

Capacity utilisation will have to be reduced by mid-1977 to avoid widespread discounting, according to Aluminium Trends. It forecast North American list prices would rise to 60 cents a pound in 1980 and free market prices would reach 70-75 cents a pound.

U.S. import curbs on beef

WASHINGTON, Dec. 16.

THE U.S. and its beef suppliers have reached a general agreement under which U.S. beef imports in 1977 will be held to an increase of 4 per cent. over 1976, officials said here, reports AP-Dow Jones.

With the beef-exporting countries voluntarily restraining their U.S. sales to a maximum total of 1.28bn. lbs next year, the U.S. will not have to impose mandatory quotas as it did last October to protect domestic beef producers.

For the first time, the voluntary restraints programme may formally include Canada, although details of Canadian participation have not been worked out.

In negotiations for 1977 restraints, U.S. officials have been seeking tighter arrangements for Canada.

PIG FARMING

Swift change from boom to bust

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IN THE mid 1930s I was selling bacon pigs at around £5 per head, and the food cost for a home mixed ration was about £6 per tonne. To-day the bacon pig is worth ten times what it was then, say £50, but the cheapest home mixed ration is costing on the basis of the market price of the cereal content, between £95 and £100, at least 15 times the cost then. The cost of wages is now just about 30 times the pre-war figure. That in a nutshell is what is wrong with pig keeping to-day.

At this time last year things were better. The bacon pig was around the same price, but the feed cost was under £70 per tonne, about 11 times the pre-war cost. Wages were about 10 per cent. less. Last year pigs were paying very well indeed. This year, according to the Meat and Livestock Commission's costings, most forms of pig keeping are in a loss, or near-loss, position without much prospect of improvement.

Pigs have always been noted for the cyclical nature of their economics, but I cannot remember a time when the change from boom to bust has taken little more than a year. Last year's boom followed a very bad slump, when the Government was forced to institute a special payment of 50p a score deadweight, about £3.50 per bacon pig, to keep the industry alive at all.

In the event, the pig herd dropped dramatically, breeding sows by 18 per cent. and young gilts in pig by a third between 1973 and 1975. There has been a significant recovery since then, particularly in the numbers of in-pig gilts, but the signs are that this is being checked.

Guarantees end

The 1974-75 slump was particularly severe because it coincided with the ending of the pig guarantees which were part of the price support. These were not open-ended, being limited to a fixed number of slaughterings agreed at each Review. If production exceeded this norm, the guarantee payment per pig was effectively reduced.

The EEC system which was adopted in 1974 did away with the guarantee which had been operating before, and replaced it with protection from imports from Third Countries and a system of intervention buying based on a very low figure indeed.

In fact intervention buying for pig meat has not yet operated, but there could be scope for private storage aids. The founding fathers of the Community were too wise to saddle themselves with an open-ended support system as they did for milk. Pig cycles operate in all Community countries, and since the Common Market was established have tended to be Community-wide instead of nationally limited.

Protection against Third Country imports is of little use in the self-sufficient state of Community pig production. The U.K. is practically self-sufficient in fresh pork but imports rather more than half of the bacon and ham consumed, mainly from Denmark and Holland.

These imports are a cause of indignation among British farmers because they are heavily subsidised in those countries by the Monetary Compensatory Amounts (MCAs) which enable the Danish processors to pay roughly £9 per head more to their suppliers than can British factories. The resulting decline in pig throughput in Britain has meant the loss of some jobs, and the threat to many more according to the processing industry.

The industry claims, and the Government has agreed, that the method of calculating the pig meat MCAs is wrong, and if they were recalculated on the basis of the cost of the cereal feed in the production ration, they would be reduced by about 80 per cent. So far, the Commission has not agreed to more than a minor reduction of the pigmeat MCA, which U.K. interests complain is nothing like enough.

Mr. Silkin probably failed in his attempt to secure a significant alteration because he wanted it treated in isolation and not as part of a general devaluation of the "green pound." If he did accept a percentage devaluation across the board, the gains to pig farmers would be reduced by the higher prices they would have to pay for cereal feeds.

In any case, there is no certainty that the Danes and the Dutch would cease sending their pig products to Britain even if the MCAs were reduced.

The trouble with the bacon market at present is that it seems to be limited by price. Since 1971-72 consumption has fallen by 28 per cent. and it is difficult to see how any tinkering with the MCAs will alter the reluctance of the consumer to buy more or even pay a higher price. It is the price at which the bacon and all pigs are selling here which is crucial.

Root crops

On a mixed farm such as my own, I am prepared to sit out the present difficulties as I have previously, cushioned to some extent by the fact that I mix my own grain and my buildings and plant have been written right down. But many highly efficient specialised pig farmers must be questioning the future of the industry they have built up. The main problem is the high cost of feed and labour, but this is easier for the smaller family-type Continental farmer to cope with since size does not always lead to cost efficiency.

For a start alternative feeds to cereals are available and are extensively used on the Continent so rations can be cheaper. These alternatives include not only tapioca and other tropical plant residues, but potatoes and root crops, particularly in Germany.

Feeding roots is labour consuming but here the Europeans have the advantage. Farms in general are small and both pig and poultry production is largely in the hands of the family farmer and not subject to market wages. Real competition with this type of farm is going to be very difficult, if not impossible.

Milk price rise urged

THE REAL effects of last summer's drought were only now beginning to emerge for Britain's dairy farmers in the form of increased costs and lower milk yields from their cows, Sir Emrys Jones, principal of the Royal Agricultural College, Cirencester, said yesterday.

Sir Emrys challenged Mr. John Silkin, the new Minister of Agriculture, to back his call for an expansion of U.K. milk production with an increase of 6p or 7p a gallon in the farmers' milk price.

"Calculations we have made on our own dairy herd at the college show that the drought has cost us 5½p a gallon," Sir Emrys said. "So far we have had only 2p a gallon extra to cover the effects of the drought."

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade Cash	4905-10	-28.5	4940-5	-10
3 months	5070-5	-20	5090-100	-15
Settlem't	4910	-25	—	
Standard Cash	4905-10	-26.5	4940-5	-10
3 months	5055-60	-18.5	5075-85	-12.5
Settlem't	4910	-25	—	
Straits E.	[illegible]	-15	—	
New York	—		—	

LEAD, ZINC, SILVER: [illegible]

index, 01-351 3466 — March Coffee 2,584½-2,592½

COFFEE

[illegible]

RUBBER

SLIGHTLY EASIER [illegible]

SOYABEAN MEAL

[illegible]

COCOA

[illegible]

JUTE

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

VEGETABLE OILS

[illegible]

COTTON

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES — REUTER'S — DOW JONES — MOODY'S

[illegible]

LEGAL NOTICES

In the Matter of The Companies Acts, 1948 to 1967, and in the Matter of BUSINESS DESIGN LIMITED (in Liquidation).

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the offices of FLOYD NASH & CO., Chartered Accountants of 33 Clifford's Inn, Fetter Lane, E.C.4, in the City of London, on Friday, the 21st day of January 1977 at 3.30 p.m. to be followed at 4.00 p.m. by a GENERAL MEETING of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding-up to date.

DATED this 10th day of December, 1976.

R. E. FLOYD,
Joint Liquidator.

In the Matter of The Companies Acts, 1948 to 1967, and in the Matter of AMALGAMATED MANAGEMENT SERVICES LIMITED (in Liquidation).

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the offices of FLOYD NASH & CO., Chartered Accountants of 33 Clifford's Inn, Fetter Lane, E.C.4, in the City of London, on Friday, the 21st day of January 1977 at 3.30 p.m. to be followed at 4.00 p.m. by a GENERAL MEETING of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding-up to date.

DATED this 10th day of December, 1976.

R. E. FLOYD,
Liquidator.

PUBLIC NOTICES

...SHIRE COUNTY COUNCIL

...illion Bills issued 15th December ... 16th March 1977 at 13¾%. ... totalled £66.5m. Bills outstanding ...3.25m

... VALLEY BOROUGH BILLS

... issued 17.12.76 due 17.3.77 at ... Total applications were ... No other Bills outstanding.

U.S. Markets

Copper up, grains and silver fall

NEW YORK, Dec. 16.

THE COPPER market closed on the highs on local buying. However, silver closed on the lows with local selling touching stops. Grains were lower on long liquidation by locals, and sugar was on the lows on late trade selling. Cocoa closed lower on late Commission House selling. Bache comments.

Cocoa—Ghana spot 152½ (154½). Bahia spot 150½ (152½). Dec. 140.10 (141.45), March 136.10 (138.50), May 131.00, July 125.90, Sept. 121.60, Dec. 109.25, March 104.75, May nil. Sales: 1,189.

Coffee—"C" Contract: Dec. 202.00-205.50 (203.00), March 204.50-203.90 (205.45), May 205.02-204.90, July 205.50-205.25, Sept. 205.30-205.00, Dec. 199.50-199.90, March nil. Sales: 1,161.

Copper—Dec. 59.50 (58.60), Jan. 59.60 (58.70), Feb. 60.00, March 60.40, May 61.40, July 62.30, Sept. 63.20, Dec. 64.20, Jan. 64.60. Sales: 3,229.

Cotton—No. 2: March 75.90-76.05 (77.12), May 76.75-76.85 (77.69), July 76.30-76.50, Oct. 71.00, Dec. 67.30-67.40, March 67.55-67.70, May 67.55-67.70. Sales: 4,450.

*Gold—Dec. 132.50 (136.40), Jan. 133.00 (136.70), Feb. 133.50, April 134.50, June 135.50, Aug. 136.70, Oct. 138.00, Dec. 139.30, Feb. 140.60, April 141.90. Sales: 6,685.

Greasewool—Spot 170.0 nom. (same), Dec. 165.0 bid (165.0), March 166.0-175.0 (168.1), May deleted.

†Lard—Chicago loose 19.50 (same). New York prime steam 21.00 (21.00 asked).

††Maize—Dec. 242½-242½ (245), March 251-251½ (253½), May 255½-255½, July 259½, Sept. 259¼, Dec. 256.

‡Platinum—Jan. 151.50 (152.50), April 153.50 (154.40), July 155.40, Oct. 153.60, Jan. 161.10-161.30, April 165.00. Sales: 214.

‡‡Silver—Spot 439.00 (433.50), Dec. 434.20 (439.00), Jan. 435.10 (440.10), Feb. 437.20, March 439.50, May 443.60, July 447.70, Sept. 451.90, Dec. 458.00, Jan. 461.40, March 466.10. Sales: 24,323.

*Soyabeans—Jan. 683-686 (701), March 689-659 (784½), May 692-685, July 675, Aug. 667, Sept. 636, Nov. 616, Jan. 621-622.

Soyabean Oil—Dec. 20.95 (21.30), Jan. 21.06-21.07 (21.39), March 21.28-21.32, May 21.40, July 21.42-21.40, Aug. 21.30-21.25, Sept. 20.80, Oct. 20.40, Dec. 20.45, Jan. 20.25-20.35.

§Soyabean Meal—Dec. 197.00 (201.50), Jan. 197.50-198.00 (202.30), March 199.50- ...

[illegible]

STOCK EXCHANGE REPORT

Gilt-edged weak but equity leaders rebound sharply

Share index up 8.9 at 322.7—BP up in firm Oils

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 29	Dec. 9	Dec. 10	Dec. 21
Dec. 13	Dec. 30	Dec. 31	Jan. 12
Jan. 4	Jan. 13	Jan. 14	Jan. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The two main sectors of stock markets put on an entirely contrasting performance yesterday. Leading equities rebounded smartly after the previous day's sharp late reaction in a snap response to the mini-Budget, but British Funds made a weak showing. As expected, overnight weakness in sterling following the Chancellor's proposals scotched hopes of a sizeable reduction in Minimum Lending Rate to-day—the Bank of England indicated to money markets yesterday that it would not wish MLR to fall by more than ½ per cent.—and made for weakness in the Funds. Sentiment here was further unsettled by reports that the OPEC countries were nearing agreement on a 15 per cent. rise in oil prices. Final quotations recorded losses ranging to 1½ and the Government Securities index fell 0.50 to 58.42.

On the other hand, leading equities quickly responded to bear closing and some sizeable institutional buying in the thin conditions prevailing and by lunchtime prices had more than recouped the previous day's losses. Interest lessened considerably during the afternoon and prices drifted back on lack of sustained support and occasional profit-taking to close well below the best. Up 11.7 at its highest of the day at 1 p.m., the FT 30-share index closed 8.9 higher on balance at 322.7; this compares against Wednesday's reaction of 10.5.

Many secondary issues opened easier in sympathy with the previous day's reaction in the leaders, but picked up well and were no worse than mixed at the close of business. Rises just had the edge over falls, by 4-3, in FT-quoted Industrials, while the FT-Actuaries All-Share index improved 0.7 per cent. to 139.56.

Gilts suffer

The expected reaction in Gilt-edged following the Chancellor's Budget measures occurred at yesterday's opening, but after losing ½ at the longer end the market was beginning to steady when reports of the OPEC price increases began to filter through. A fresh downturn then gained momentum and began to [illegible] on the signal from the Bank of England about its intentions to-day regarding Minimum Lending Rate. The absence of buyers was a deepening influence with sellers active only in the early trading, but the tendency was aggravated by the TUC Economic Committee's conditions for any new wage pact. At the end of the day, the longs were showing falls of a point and a little more, while the shorts sustained losses to ¾. Corporations followed the main funds lower.

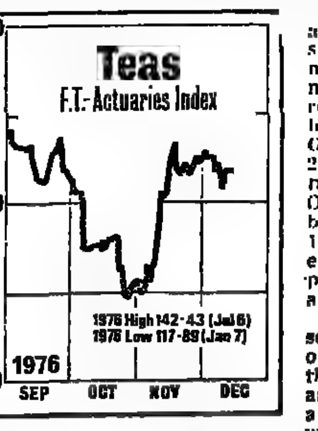
The upward momentum noticed late in the previous day in the investment currency premium gathered pace when a revived demand found sellers very scarce after their recent prominence. The trend in sterling following the mini-Budget was, of course, a major influence and in thin trading the rate went as high as 123 per cent. before closing at 122½ per cent. for a rise of 6½ points on the day. Yesterday's SE conversion factor was 0.7175 (0.7224).

Banks improve

The Banking sector staged a useful rally yesterday after the previous day's sharp reaction. Barclays [illegible], Lloyds 185p, and Midland 233p each recovered 7 but National Westminster at 195p retrieved only 3 of the previous day's loss of 11. Discounts, which were particularly hard hit on Wednesday, also moved higher with improvements ranging to 10.

Insurances took part in the overall market recovery, but attracted only a small interest. "Royals" did well at 260p, up 10, while gains of 5 and 7 respectively were seen in Guardian Royal Exchange, 160p, and Sun Alliance, 535p. Small speculative buying of Leslie and Godwin continued and the shares edged forward 2 more to 109p.

Undeterred by the Budget's 10 per cent. duty increase, Breweries and kindred trades made steady progress in busy trading. Bass Charrington stood out with a gain of 6 to 79p, while Arthur Guinness put on 2 more to 118p, still reflecting the good results. Allied hardened 2½ to 56p, after 56½p, and Whitbread A added a like amount to 58p. Sharply higher preliminary profits left Greenall Whitley 2 dearer at 52p and increased half-year earnings took Vaux up 5 to 225p. Distillers ended a penny better 112p, after 113p, following the satisfactory interim performance.



Buildings once again reflected the bleak outlook facing the industry and closed with the occasional small fall. A. Monk, at 33p, made no apparent response to the interim figures.

ICI typified market conditions, closing 9 higher at 305p, after 308p. Akzo were raised 62 to 887p, while Fisons finished 8 better at 293p, after 295p. Pilysu responded to the substantially improved interim figures with a rise of 2 to 42p.

Anglia "A", 4 up at 89p, provided the only movement of note in Television Contractors.

EMI pick up

Leading Electricals steadied after the previous day's late sharp downturn and closed modestly better following a moderate business. EMI, at 213p, recouped 5 of the previous day's loss of 9, while Plessey, 56p, and General Electric, 160p, picked up 2 and 3 respectively. Thorn Electrical were also supported, the Ordinary and A both closing 4 better at the common price of 174p. Of the dull spots, Chloride eased 2 to 81p with the new nil-paid shares finishing 2½ cheaper at 19½p premium.

Stores were in better form, sentiment helped by the omission of any increases in VAT rates in the Chancellor's economic package. Gussies A stood out with a rise of 6 to 163p, after 166p, while British Home Stores, 130p, and Marks and Spencer, 89p, put on 3 and 4 respectively. Burton A were also notably firm at 29p, up 3, the dividend payment outweighing news of the substantial annual loss. Debenhams hardened 2 to 58p as did F. W. Woolworth, to 48p. S. and U. Stores edged up a penny to 8p in front of to-day's interim report, while S. Casket improved similarly to 27p in response to the chairman's comments at the annual meeting. Gains of 2 were seen in Ratners, 53p, and Time Products, 38p. Shoes had a couple of firm spots in Geo. Oliver A, 2 better at 22p, and Pittard, 4 higher at 44p.

Hawker were again the most volatile stock in Engineerings and touched 412p before closing at 410p to regain Wednesday's fall of 10. News items brought many features elsewhere including Braithwaite, up 12 more at 130p and Spear and Jackson which rose 6 further to 112p, after 114p, the latter on the report that a rival offer could be about. Herbert Morris improved 2 to 129p after the anticipated dividend and profits figures announcement and Matthew Hall hardened similarly to 85p following the higher profits forecast. The think-tank study of the power station industry unsettled companies such as Davy International, down 5 at 134p, and Babcock and Wilcox, which lost 3 to 60p. Elsewhere, Tex Abrasives reacted 2 to 22p, reflecting the first half setback.

Awaiting to-day's interim statement, Cavenham were active and 4 better at 91p. Tate and Lyle improved similarly to 230p; while Associated Dairies, 178p, and Joseph Stocks, 90p, put on 3 and 5 respectively. Goldrei Foucard, at 27p, recouped the previous day's fall of a penny which followed the interim report, while Kraftco edged up 1½ points to £39½ and British Sugar improved 15 to 260p. Unigate, however, closed fractionally easier at 41p following the disappointing interim figures. Northern Foods were finally a penny cheaper at 83p, after 85p, on results which came up to general market expectations, while after recent firmness Linfood finished 2 off at 203p despite the increased first-half profits. Ex the scrip issue, Midland Cattle Products were quoted at 73p. In Supermarkets, Gateway Securities A closed marginally easier at 31½p following the half-yearly report.

Ladbroke attracted a fair amount of interest in Hotels and Caterers, rising 5 to 93p on relief that the Chancellor had not raised the betting levy in the mini-Budget. Wheeler's Restaurants improved similarly to 95p on the sharply improved first-half profits, but Epicure, 38p, and Savoy A, 36p, reacted 1½ and 2 respectively from their 1976 highs.

Misc. leaders better

The Miscellaneous Industrial majors yesterday made a spirited rally after the previous day's setback. Early bear covering backed up by a fair amount of support, some of which was institutional, took prices higher and Beecham, 368p, and Glaxo, 387p, both closed with improvements of 12. BOC were 1½ dearer at 59½p; the results are due next Wednesday.

Rank Organisation, helped by the Monopolies Commission's report on Rank Xerox, gained 5 at 117p and comment on the appointment of Robert Fleming as financial advisors to the company left Scottish and Universal Investments 2 up at 66p. Elsewhere, relief that the Budget contained no increase in betting tax helped Coral Leisure rise 5 to 103p. Charles Hill of Bristol firmed 4 to 72p as did Kode International, 47p, while BTR recorded a similar improvement to 138p. Siebe Gorman hardened a penny more to 110p in front of to-day's interim results and Kenedy Smale also closed a penny better at 14p following the first-half figures. The Australian concern, Broken Hill Proprietary rose 15 to 675p.

After opening at 184p, Lucas Industries improved to 191p before closing 5 better on balance at 190p. Dunlop were finally 3 up at 69p, after 70p, while small buying in a restricted market left Robert Stocks 6 up at 118p. Associated Engineering closed a penny cheaper at 77p following preliminary figures which matched market expectations.

A drab day in Newspapers and Printings ended with Liverpool Post 2 better at 88p and Deanson unchanged at 20p, the latter despite the profits setback. Elsewhere, Wall Street influences raised Ogilvy and Mather 1½ to £24½.

Oils join in rally

Although activity was not quite up to the level anticipated, business in the Oil leaders was substantial. Undeterred by the envisaged sale of part of the Government's holding, British Petroleum traded between 730p and 714p before closing a net 6 higher at 726p, while Shell regained 8 to 424p, after 426p; in both cases currency hedging was a help, a factor which put LASMO 'SCOT' issues up 10 to 252p. Overseas and investment currency advices raised Royal Dutch ½ to £41½, while secondary oils followed the recovery in the leaders. Ultramar rallied 4 to 110p and Tricentrol 3 to 83p. Elsewhere, Oil Exploration hardened to 89p despite the possibility of a row to-day at the meeting called to approve the Bates Oil acquisition.

Preliminary results better than expected ensured MEPC a good folowing in Properties and the price rose to 50p before a close of 5 higher on the day at 48p. Land Securities and Stock Conversion with gains of 4 to 129p, and 149p, respectively, also fared well, but the market was not without its dull spots. United Real fell 7 more to 167p and Hamerson A were 5 down at 282p, after 277p. Haslemere Estates picked up 3 to 155p and Lynton Holdings gained 5 to 65p, the latter on the increased half-yearly revenue.

In Overseas Traders, Harrisons and Crosfield, at 387p, recouped the previous day's loss of 12.

Direct Spanish Telegraph were to the fore in busy Investment Trusts, rising 4 to 48p, while Charterhouse closed 2 to the good at 41p following the results. Authority Investments, however, were tested for the first time for quite a while and, with buyers absent, fell 3 to a 1976 low of 15p.

There was more inquiry than actual business in Shippings but the closing tone was firm. P & O Deferred added 3 at 111p, after 112p, and Hunting Gibson rose 5 to 143p.

Among firmer Textiles, Courtaulds at 79p retrieved the previous day's loss of 4, while Homfray scored a similar improvement to 33p following the results.

Down late on Wednesday following the duty increase, the Tobacco majors picked up well with the general trend yesterday. Imps recovered 2½ to 62½p, while BATs Industries, 263p, and the Deferred, 220p, both closed 5 higher.

Guthrie featured Rubbers, rising 10 to 167p on the trebled first-half profits.

Golds erratic

Talk that OPEC was about to lift oil prices by around 15 per cent. gave both the bullion price and Golds a fillip, after they had initially lost ground reflecting the weakness of the metal price in overnight transatlantic markets.

The bullion price, which fell to $133 per ounce at the morning fixing, rallied to $134.40, before reacting again to close $1 down at $133.875. Correspondingly shares moved ahead but in late dealings tended to ease on small U.S. offerings and the Gold Mines index showed only a 0.7 [illegible] 120.9. Trading in shares w[illegible] dued, partly reflecting the [illegible] of Cape markets for the [illegible] the Covenant.

Free State Geduld closed [illegible] point higher at £11, afte[illegible] while Western Holdings [illegible] better on balance at £14[illegible] £13½.

Of the lower-priced [illegible] Kloof were still 10 do[illegible] balance at 365p despite [illegible] from 345p.

In Financials a good t[illegible] was reported in Rio Tin[illegible] which rose 4 to 171p hel[illegible] the strong recovery in U.K. [illegible] trials. Selection Trust we[illegible] the good at 430p on sug[illegible] that further drill results [illegible] pected shortly from the T[illegible] Bore copper-zinc prosp[illegible] Western Australia; the Au[illegible] associate Selcast jumped [illegible] for a two-day rise of 11p.

The only movement of [illegible] Tins was Saint Piran, wh[illegible] gained 2 to 51p on furth[illegible] sideration of the sharp [illegible] first half profits.

The rise in the inv[illegible] currency premium [illegible] Australians to improve, [illegible] the undecided overnight [illegible] Melbourne and Sydney. [illegible] In Coals, Thiess Holdings [illegible] 6 to 176p; the company is [illegible] up with Shell to prosp[illegible] develop Thiess's coal and [illegible] at Hunter River in New [illegible] Wales.

FINANCIAL TIMES STOCK INDICES

	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 10	Dec. 9
Government Secs.	58.42	58.92	58.87	59.01	58.74	58.36
Fixed Interest	58.85	59.00	58.82	58.42	58.81	58.15
Industrial Ordinary	322.7	313.8	324.3	335.7	330.1	319.4
Gold Mines	120.9	120.2	119.9	122.6	127.4	125.3
Ord. Div. Yield	6.74	6.90	6.70	6.54	6.62	6.85
Earnings Y'ld % (full)	21.17	21.69	21.06	20.53	20.79	21.48
P/E Ratio (net)	6.91	6.75	6.95	7.13	7.04	6.82
Dealings marked	4,516	4,925	5,770	5,516	4,860	4,909
Equity turnover £m.	—	54.52	57.86	77.06	53.51	58.36
Equity bargains total	—	9,131	12,564	14,213	12,120	11,378

10 a.m. 319.5. 11 a.m. 324.1. Noon 322.9. 1 p.m. [illegible] 2 p.m. 324.0. 3 p.m. [illegible]

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=6.84. Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2)	55.37 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	265.3 (27/10)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (26/8)	442.3 (22/5/75)	42.5 (26/10/71)

S.E. ACTIVITY

	Dec. 16	
Daily—		
Gilt-Edged	200.5	[illegible]
Industrials	138.0	[illegible]
Speculative	34.5	[illegible]
Totals	102.8	[illegible]
5-day Average		
Gilt-Edged	216.7	[illegible]
Industrials	158.6	[illegible]
Speculative	34.9	[illegible]
Totals	116.2	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section). Thursday, December 16, 1976.

	Equity groups	Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. Dec. 15 Index No.	Tues. Dec. 14 Index No.	Monday Dec. 13 Index No.	Friday Dec. 10 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	120.45	-1.4	25.41	7.98	6.36	6.31	122.13	122.67	124.71	121.81	139.18	160.06 (21/4)	100.85 (28/10)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	94.67	-1.3	25.99	10.58	5.79	5.79	95.95	97.50	100.03	97.75	135.89	150.18 (15/1)	85.53 (27/10)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (22)	146.33	-2.1	30.71	7.50	5.02	5.02	148.49	151.02	151.37	147.66	240.50	260.20 (15/1)	122.08 (27/10)	389.35 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	245.94	-1.9	19.86	5.85	7.51	7.38	251.83	251.37	257.73	254.05	240.91	287.30 (21/4)	190.64 (27/10)	380.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	149.59	-3.0	32.31	5.78	4.50	4.44	154.16	155.01	159.30	152.42	159.11	193.18 (3/6)	125.56 (27/10)	202.57 (6/6/75)	64.39 (2/1/75)
6	Engineering (General) (66)	113.74	-0.7	22.99	8.22	6.45	6.42	114.59	114.84	116.05	112.50	122.45	149.29 (3/5)	95.20 (22/10)	166.59 (4/5/72)	45.45 (6/1/75)
7	Machine and Other Tools (9)	53.70	-0.2	18.41	8.27	8.11	8.08	53.59	53.79	53.43	52.70	49.55	60.62 (3/5)	45.29 (11/1)	136.70 (4/7/69)	19.96 (13/12/74)
8	Miscellaneous (22)	102.68	-1.0	21.84	8.93	6.69	6.62	103.75	105.54	105.93	102.52	118.56	141.94 (11/6)	90.23 (28/10)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	105.23	-0.8	25.67	6.81	6.35	6.32	104.42	105.10	107.57	103.91	116.81	141.46 (21/4)	85.12 (28/10)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	114.75	+0.9	22.10	5.15	6.73	6.75	113.68	114.42	117.82	112.95	132.08	160.35 (7/4)	87.51 (27/10)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (13)	114.26	-0.1	26.76	10.52	5.69	5.67	114.30	114.91	114.88	114.37	165.04	187.22 (7/4)	104.30 (28/10)	263.23 (4/5/72)	65.92 (17/12/74)
12	Motors and Distributors (25)	70.79	+0.8	24.95	8.05	5.02	6.02	70.20	70.67	72.21	69.90	67.79	85.16 (3/5)	56.10 (28/10)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (170)	125.45	-1.6	18.39	7.65	8.23	8.14	123.59	125.39	129.09	126.05	146.60	162.84 (4/2)	104.41 (27/10)	226.06 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	125.00	-5.5	17.57	8.69	8.48	8.46	128.01	130.45	135.83	133.01	158.98	179.43 (3/2)	111.17 (27/10)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (6)	144.66	+1.9	16.52	7.78	9.29	9.29	142.95	147.10	153.28	148.25	170.30	190.67 (6/5)	124.71 (28/10)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (15)	157.74	-2.0	17.10	8.52	8.92	8.84	164.64	158.65	162.76	156.78	164.75	211.26 (8/3)	127.11 (28/10)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	157.81	+0.1	21.34	8.61	7.10	6.99	157.69	158.47	142.48	138.26	168.93	179.44 (11/6)	120.54 (27/10)	211.65 (1/6/72)	59.67 (11/12/74)
18	Food Retailing (16)	120.74	+1.2	16.24	6.57	9.04	9.04	119.29	120.65	122.62	118.09	143.76	150.05 (12/1)	92.79 (28/10)	245.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	186.04	-0.2	14.19	5.76	10.67	10.67	185.68	185.70	188.51	183.22	160.39	188.81 (13/5)	148.46 (12/10)	260.29 (18/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	82.54	-1.4	21.64	9.77	7.09	7.09	85.76	83.96	86.03	83.50	101.90	112.50 (26/2)	72.34 (27/10)	135.69 (26/4/72)	45.46 (6/1/75)
21	Stores (34)	100.42	+1.8	15.56	7.16	9.90	9.87	98.66	100.92	104.09	100.16	120.93	136.24 (2/2)	78.47 (28/10)	204.59 (16/8/72)	52.63 (6/1/75)
22	Textiles (24)	109.54	+1.8	18.60	10.83	8.44	7.87	107.64	109.05	111.60	108.63	159.64	185.24 (30/1)	96.76 (27/10)	255.72 (17/1/67)	62.66 (11/12/74)
23	Tobaccos (3)	195.15	-0.8	22.11	8.72	6.73	6.73	196.66	198.84	204.64	198.63	210.43	241.98 (3/5)	167.36 (28/10)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	71.85	+0.2	25.05	8.63	5.82	5.79	71.70	71.87	72.23	70.46	62.84	80.95 (16/7)	59.15 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	189.24	+0.6	17.12	6.10	7.95	7.95	188.13	189.58	196.60	186.65	195.57	231.38 (5/5)	156.10 (27/10)	231.38 (3/5/76)	71.20 (11/12/74)
26	Office Equipment (9)	67.50	+2.4	17.95	7.85	8.14	8.14	65.70	66.64	67.59	65.72	86.06	100.18 (19/5)	58.33 (28/10)	246.06 (1/9/72)	45.34 (2/1/76)
27	Shipping (12)	363.96	+0.8	14.86	7.50	9.65	8.70	361.11	365.51	376.62	360.83	356.69	432.64 (30/1)	308.48 (26/10)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	128.63	+0.2	19.52	9.17	7.72	7.71	128.40	130.45	133.86	128.72	150.77	172.98 (21/4)	108.14 (27/10)	258.83 (2/6/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	129.16	+0.5	19.62	7.62	7.55	7.47	128.46	129.80	133.21	129.11	147.08	168.38 (3/5)	107.32 (27/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	392.98	+1.3	12.04	4.46	10.59	9.85	387.84	395.05	400.66	403.97	325.37	405.19 (6/12)	315.67 (11/10)	481.66 (29/5/63)	87.23 (29/5/62)
31	500 SHARE INDEX	150.13	+0.7	17.92	7.01	7.99	7.84	149.15	150.94	154.55	150.95	161.93	185.00 (3/5)	125.80 (27/10)	227.95 (15/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	106.95	+0.9	—	7.37	—	—	106.02	106.92	109.73	105.95	133.15	153.46 (30/1)	87.19 (28/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	130.00	+2.5	25.99	7.11	5.92	5.92	126.85	131.58	135.25	129.65	166.43	192.16 (29/1)	111.33 (27/10)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	142.49	-2.4	—	9.78	—	—	146.05	147.85	149.97	140.88	164.06	186.52 (15/1)	97.72 (26/10)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	75.14	-2.1	9.77	8.01	22.65	22.65	76.72	75.96	74.54	70.59	103.88	132.10 (26/2)	53.25 (27/10)	433.74 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (10)	88.35	—	—	8.56	—	—	88.34	88.42	90.64	88.48	114.51	129.46 (30/1)	73.11 (28/10)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	84.29	+0.7	—	8.77	—	—	83.72	85.08	86.72	83.05	104.58	119.75 (30/1)	68.99 (23/10)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	229.96	+1.3	13.07	6.04	11.46	11.46	226.96	225.53	232.91	226.93	317.69	276.90 (11/5)	178.27 (27/10)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (15)	51.66	-1.0	—	8.13	—	—	52.16	51.95	52.35	50.10	83.87	93.83 (27/1)	45.15 (28/10)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	132.41	-0.4	4.80	4.19	36.26	34.52	132.99	132.88	135.86	131.99	159.60	194.57 (30/1)	95.95 (27/10)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	68.49	+2.4	19.62	12.59	7.76	7.76	66.90	67.37	69.49	64.75	76.51	91.98 (3/2)	55.37 (28/10)	308.18 (12/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	141.11	-0.4	3.81	5.49	27.07	27.07	141.70	142.50	143.69	140.70	166.90	184.55 (30/1)	116.09 (28/10)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	139.56	+0.7	—	6.99	—	—	138.64	140.18	143.47	139.88	155.08	172.64 (30/1)	116.29 (27/10)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	487.68	+2.2	8.47	5.89	15.79	14.39	477.17	483.04	493.78	498.90	389.58	523.40 (7/6)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (8)	131.70	—	32.02	9.34	4.11	3.98	131.70	131.70	130.85	132.20	115.62	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	140.33	—	46.17	7.98	2.17	2.17	140.33	141.75	143.16	148.81	251.97	301.47 (7/1)	140.33 (15/12)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	83.50	+1.3	11.18	5.78	9.82	9.74	82.46	82.95	83.87	83.50	109.31	119.77 (7/1)	77.65 (16/10)	175.90 (29/4/69)	66.81 (30/9/74)
48	Tins (5)	119.35	+0.4	11.85	9.31	12.98	12.81	118.90	119.65	118.95	119.04	87.86	126.36 (7/10)	86.09 (9/2)	126.36 (7/10/76)	54.83 (27/5/70)
49	Overseas Traders (13)	206.91	+0.6	17.77	6.66	7.71	7.70	205.70	208.11	208.35	204.18	215.10	264.47 (3/5)	178.51 (27/10)	254.47 (3/6/76)	97.37 (6/1/75)

	FIXED INTEREST	Thursday Dec. 16 Index No.	Yield % †	Wed. Dec. 15	Tuesday Dec. 14	Monday Dec. 13	Friday Dec. 10	Thurs. Dec. 9	Wed. Dec. 8	Tuesday Dec. 7	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.03	14.90	14.80	14.79	14.88	14.99	14.98	14.98	14.93	—	—	—	—
2	20 yr. Govt. Stocks (6)	44.28	14.59	44.67	44.60	45.03	44.70	44.55	44.44	44.55	46.31	53.45 (30/1)	42.31 (27/10)	115.42 (11/7/63)	38.27 (5/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.35	16.30	45.82	45.77	45.39	45.35	45.27	45.23	45.27	46.39	52.40 (21/5)	43.09 (2/11)	113.48 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs (15)	44.27	15.70	44.25	44.18	44.18	44.02	43.74	43.74	43.88	46.73	51.25 (12/2)	40.54 (2/10)	114.41 (15/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	61.97	14.57	62.10	61.76	61.24	61.02	60.99	60.85	60.76	63.43	71.97 (2/2)	54.89 (8/10)	114.96 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	151.24
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	128.20
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all groups and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	23	305	+ 9	402	258
BATs Defd.	25p	16	220	+ 5	223	183
Shell Transport	25p	13	424	+ 8	462	332
BP	£1	12	726	+ 6	780	537
Glaxo	50p	12	387	+12	422	280
Beecham	25p	11	368	+12	390	269
GEC	50p	11	160	+ 3	169	112
GUS "A"	25p	11	163	+ 6	224	123
Ladbroke	10p	10	93	+ 5	116	66
Lucas Inds.	£1	10	190	+ 5	222	128
Midland Bank	£1	10	233	+ 7	320	200
Royal Insurance	25p	10	260	+10	332	208
Bowater	£1	9	163	+ 3	280	122
RTZ	25p	9	171	+ 4	239	132
Courtaulds	25p	8	79	+ 4	169	73

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 7	Dec. 20	Mar. 10	Mar. 22
Dec. 21	Jan. 11	Mar. 24	Apr. 5
Jan. 12	Jan. 24	Apr. 6	Apr. 20

Calls were dealt in Dunlop, Ladbroke, Burmah Oil, ICI, Charterhall Finance, Tube Investments, National Westminster Bank, Vickers, Ultramar, Albright and Wilson, Leslie and Godwin, EMI, Imperial Metal and Oil Exploration. Puts were done in BSR, Weyburn, Trust Houses Forte, Burmah Oil and ICI, while doubles were arranged in ICI, Ladbroke, Trust Houses Forte and Vickers. A short-dated put was done in Trust Houses Forte, while doubles were arranged in ICI and Trust Houses Forte.

Industrials							
[illegible]							
Brown (J.)	9	Legal & General	12	Trust Houses	9		
Burton 'A'	6½	Ladbroke	11	Tube Invest.	7	Mines	
Cadbury	5	Lex Service	5½	Unilever	38	Charter Cons.	15
Cavenham	10	Lloyds Bank	22	Utd. Drapery	8	Chart'hall Fin.	4
Courtaulds	11	"Lots"	4	Vickers	16	Cons. Gold	15
Debenhams	8	London Brick	4½	Williams Hud'n	4	Hampton Areas	12
Distillers	13	Lonrho	9	Woolworths	6	Rio T. Zinc	16
Dunlop	7½	Lucas Inds.	20			Western M'ng.	16
Eagle Star	11	"Mams"	7	Property			

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (12)
[illegible]

NEW LOWS (16)
[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	5	21	34
Industrials	326	253	1,076
Financial and Prop.	100	140	308
Oils	11	6	18
Plantation	6	—	32
Mines	30	15	80
Recent Issues	5	2	22
Totals	483	507	1,571

Carpet wor[illegible] to be laid o[illegible]

ONE HUNDRED carpet [illegible] at Kidderminster, Worcs [illegible] be laid off for a fort[illegible] Christmas. The men, w[illegible] at Morris Carpets, will [illegible] to work on January 17.

BASE LENDING RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Bank of Credit & Cmce.
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett Christie Ltd.
Bear Securities Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Capitol C & C Fin. Ltd.
Cayzer Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duncan Lawrie
Eagil Trust
English Transcont.
First London Secs.
First Nat. Fin. Corp.
First Nat. Secs. Ltd.
Goode Durrant Trust
■ Antony Gibbs
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Sc[illegible]
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Norwich General Trust
P. S. Refson & Co.
Rossminster Accept[illegible]
Royal Bk. Canada Tr[illegible]
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bank
Twentieth Century
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month [illegible]
* 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½%, over £25,000 11¾%.
† Demand deposits 12%.
‡ Call deposits over £1,000 [illegible]

CORAL INDEX: Close 328-332

INSURANCE BASE RATES

† Property Growth [illegible]
Cannon Insurance [illegible]
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 14¾ per cent. (since November 19, 1976)

The authorities gave their first signal this week that they would not be happy to see too sharp a fall in Bank of England Minimum Lending Rate at to-day's Treasury bill tender. The message was that a cut of ¼ per cent. in MLR will be acceptable, but a reduction of at least ½ per cent., which discount houses buying rates for Treasury bills have tended to indicate recently, will not be welcomed.

The Bank of England gave the signal to the market by lending a moderate amount to ten or 11 houses for seven days, at MLR. Day-to-day credit was in very short supply in the money market, and apart from the loans for seven days the authorities also lent an exceptionally large amount overnight to the same number of houses. They also bought a small number of Treasury bills and eligible bank bills from the houses and banks.

Banks carried forward surplus balances from Wednesday and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills, an increase in the note circulation, the authorities held maturing local authority bills, and repayment was made of Wednesday's and last week's official advances to the market.

Discount houses paid up to 15¼ per cent. for secured call loans in the early part, and closing balances were taken at 14 per cent. in places.

In the interbank market overnight loans opened at 15¾-16 per cent., and declined steadily, to close at 12-12½ per cent.

Rates in the table below are nominal in some cases.

Dec. 16 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposit	Treasury bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst	54.0	57.4	+0.8	6.27
Income Tst	49.2	52.2		9.01
Int. Growth Fd	56.4	59.8	-0.2	4.00
Do Accum.	56.4	59.8	-0.2	4.00

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	25.5	27.2	-0.1	6.33
Do Accum	31.3	33.4	-0.1	6.33

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. C.I. 0534 20041

CMF Ltd. Nov. 25	$US9.65	9.90		—
CMT Ltd. Nov. 25	£9.22	9.46		—
Metals Tst. Nov. 18	£12.27	12.57	...	—
TMT Dec. 9	$US10.74	11.01		—
TMT Ltd. Dec. 9	£10.82	11.10	...	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

WorldWideGth.Fd	$US11.92	+0.07	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥Net of tax on realised capital gains unless indicated by ♦. §Guernsey yield. #Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

REGIONAL MARKETS

...lection of the share prices previously shown under regional headings is ...d below with quotations on London. Irish issues, most of which are not listed in London, are shown separately and with prices as on the Irish ...

						IRISH		
						Conv. 9% '80/82	£80¾	
...n 20p	16	...	Higsons Brew.	63	...	Alliance Gas	48	+1
...ning	32	...	I.O.M. Stm. £1	134	...	Arnott	185	
...	21	...	Holt (Jos.) 25p	180	...	Carroll (P.J.)	95	+1
...50p	126	...	Kleen-e-Ze	37	...	Clondalkin	32	...
...raft	23	...	Lovell's Ship £1	180	...	Concrete Prods.	41	
...e £1	350	...	N'thn. Goldsmith	22	...	Heiton (Hldgs.)	21	
...A.r.	20	...	Pearce (C. H.)	85	...	Ind. News	37	
...elds	60		Peel Mills	11	...	Ins. Corp.	148½	...
...k 10p	25	...	RobbCaledonian	45	...	Irish Distillers	57	-1
...	9		Sayers (2½p	15		Irish Ropes	90	+3
...e	49		Sheffield Brick	68		Jacob	40	...
...e. 5p.	16		Sheff. Refrshmt.	140		Sunbeam	11	-1
...p. £1	300	...	Shiloh Spinn.	20	...	T.M.G.	75	...
...gh 10p	6	...	Sindall (Wm.)	49	...	Unidare	44	...

...OOD PRICE MOVEMENTS

	Dec. 16 £	Week ago £	Month ago £
...N			
...anish A.1 per ton	1,025	1,025	1,025
...ritish A.1 per ton	990	990	965
...ish Special per ton	990	990	965
...lster A.1 per ton†	985	985	960
...ER (packet)			
...Z per 20 lb	9.51-9.59	9.51-9.59	9.51-9.66
...nglish per cwt†	57.12	57.12	57.12
...anish salted per cwt	58.50-59.98	58.50-60.48	58.50-60.93
...SE§			
...nglish cheddar rindless per tonne	990.11	990.11	990.11
...Z per tonne	896.50	896.50	896.30
...			
...ome-prod. Standard	3.85-4.10	4.00-4.20	3.80-3.95
Large	4.00-4.30	4.10-4.30	3.90-4.00

	Dec. 16 per pound p p	Week ago per pound p p	Month ago per pound p p
...ottish killed sides (ex-KKCF)	49.0—52.5	48.0—51.0	48.0—51.0
...ire forequarters	30.0—34.0	34.0—36.0	36.0—38.0
...			
...nglish	42.0—46.0	40.0—48.0	40.0—46.0
...Z PLs-PMs	47.0—48.0	47.0—48.0	44.0—47.5
...ON			
...nglish ewes	30.0—39.0	—	—
(all weights)	—	30.0—39.0	30.0—39.0
...TRY			
...oiler chickens	29.0—33.0	29.5—32.5	31.0—35.0

London Egg Exchange price per 120 eggs. † Delivered. ...delivery December 18-25.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 39½% (based on $1.6920 per £)

Conversion factor 0.7175 (0.7224)

CANADIANS

1976 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Grs
[illegible]	10⅞	Bk. Montreal $2	10½	+⅛	$1.00	—	5.4
[illegible]	14½	Bk. Nova Scot. $2	15⅞	......	$1.72	—	5.2
[illegible]	33¼	Bell Canada 25c	37¼	......	$3.72	—	5.9
[illegible]	12	Bow Valley	18¼	+⅛	10c	—	0.3
[illegible]	760p	Brascan	940p	......	$2.00	—	6.2
[illegible]	18⅛	Can. Imp. Bk. $2	19⅞	+⅛	$1.40	—	4.2
[illegible]	10⅞	Can. Pacific $5	12⅞	+⅛	95c	—	4.2
[illegible]	[illegible]	Do. 4pc Deb. $100	26	......	4%	—	15.4
[illegible]	17½	Gulf Oil Can.	18¼	......	$1.00	—	3.2
[illegible]	245p	Hawker Sid. Can.	355p	......	36c	—	6.0
[illegible]	21	Hollinger $5	22	......	$1.80	—	4.8
18	[illegible]	Hudson's Bay	17⅞	−⅛	60c	—	3.1
[illegible]	25½	Hud. B. Oil G. $2½	28	−¼	Q152c	—	3.2
[illegible]	15	Imperial Oil	15⅞	−⅛	86.4c	—	3.2
[illegible]	19½	Inco	24¼	......	$1.20	—	3.4
[illegible]	620p	Int. Nat. Gas $1	760p	......	80c	—	6.2
[illegible]	16	Massey Ferg.	19⅛	−⅛	$1.00	—	3.1
[illegible]	20¼	Pacific Pet. $1	22⅞	+⅛	86.4c	—	2.3
[illegible]	[illegible]	Place Gas $1	26½p	......	—	—	—
[illegible]	21⅛	Rio Algom	21½	−⅛	$1.00	—	2.8
[illegible]	18⅞	Royal Bk. Can. $2	19⅞	+⅛	$1.36	—	4.2
[illegible]	16½	Seagram Co. C$1	17⅞	−¼	86.4c	—	2.9
[illegible]	[illegible]	Tor. Dom. Bk. $1	14⅞	−⅛	76c	—	3.1
[illegible]	650p	Trans. Can. P. pe 33½c	990p	......	95c	—	5.6

S.E. List Premium 39½% (based on $1.6899 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

For Bandanga Hldgs. see Purbeck Grp.

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
239	132	R.T.Z.	171	+4	g5.96	2.1	5.4
112	55	Sabina Inds. C$1	67	−4	—	—	—
£15⅞	£10	Tara Exptn. $1	£11½	−⅛	—	—	—
45	32½	Tehidy Minerals 10p	38	......	†h1.06	ϕ	4.4
145	84	Yukon Cons. C$1	123	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 19

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Friday December 17 1976

Spain seeks package for democracy

BY ROGER MATTHEWS

MADRID, Dec. 16.

SPAIN'S PREMIER Sr. Adolfo Suarez, was working to-night on a major political initiative to capitalise on his Government's expected but sweeping victory in the national referendum on constitutional reform.

After a day of intensive negotiations, it is believe dthat he is putting together a package which would simultaneously satisfy the demands of the kidnappers, who are threatening to kill the President of the Council of State, Sr. Antonio Oriol: take the immediate heat out of the Basque Nationalist issue: and provide a generous amnesty for the country's remaining political prisoners.

The terrorist organisation, GRAPO, has said that it will kill Sr. Oriol by midnight tomorrow unless its demands for 15 named prisoners to be flown to Algeria are met. The Algerian Ambassador was summoned to see Sr. Oreja, Spanish Foreign Minister, this morning.

The Spanish Red Cross has issued a statement offering to act as intermediary between the Spanish Government and the kidnappers.

As the second part of the package Sr. Suarez is considering a general political amnesty that would help defuse Basque demands for release of all political prisoners by Christmas.

This would also serve to defuse some of the tension in the Basque provinces, where abstentions in the referendum were among the highest in the country, and of meeting one of the Opposition parties' main demands. Such a decision would obviously infuriate the extreme Right, but to no greater extent than if the kidnappers carried out their threat to Sr. Oriol. One of the main policy decisions by Sr. Suarez as the referendum results became known was that he would stand no more truck with the ultra-Right.

The danger of extremist violence continued to make itself felt to-day when five bombs exploded in different parts of the Basque country, damaging three television relay stations and a telephone company building.

In the Basque provinces the week-long campaign for a political amnesty is continuing under the slogan "Everyone home for Christmas." Most of the remaining political prisoners, convicted or awaiting trial for mainly terrorist offences, are Basque, and many are members of the separatist organisation ETA.

With less than 1 per cent. of the electoral districts still to declare, the voting figures showed that nearly 17.5m. Spaniards had voted, which is almost 77.5 per cent. of the electoral list. Of these a massive 94 per cent. voted "Yes" and only just over 2.5 per cent. "No," the remaining ballot papers being either spoiled or left blank.

Crushing

The tiny size of the "No" vote represents a crushing defeat for the ultra-Right, which has mounted a strong campaign against the Government's proposals. While an afternoon newspaper's banner headline proclaimed "Spain is no longer Fascist," one of the main leaders of the ultra-Right, Sr. Blas Pinar, issued a statement accusing the Government of manipulating the polls.

"The Government can now be expected to accelerate the pace of decline towards social and economic chaos so that, in accordance with Lenin's treatise, the objective conditions for a revolutionary situation will be achieved," he declared.

Feature, Page 16

Eurorouble change affects West trade

BY DAVID LASCELLES, EUROPE CORRESPONDENT

IN A MOVE which could have important implications for Western currency markets the Soviet bloc has drawn up regulations enabling its joint currency, the transferable rouble, to be used to settle trade with the West.

At present all Soviet bloc currencies are non-convertible, and all imports from the West must ultimately be paid for in hard currencies.

Although the full details of the scheme are not yet available, it could well lead to creation of a Eurorouble market in which Western companies exporting goods from Comecon countries, would sell transferable roubles to companies wishing to buy goods from Comecon countries. The alternative would be for all transferable rouble deals to be conducted with trading houses which engage in two-way trade with the Comecon.

On the face of it, few exporters to Comecon would voluntarily choose to take payment in transferable roubles rather than in hard currency. The significance of the new scheme will probably depend, therefore, on the extent to which Comecon countries decide to award contracts only to companies willing to accept transferable roubles.

Gold-backed

The scheme is in a recent ruling by the International Bank for Economic co-operation (IBEC), the Moscow bank which settles trading accounts between members of Comecon, the nine-nation grouping of Communist countries headed by the Soviet Union.

The bank operates with transferable roubles, a gold-backed unit of account which enables Comecon members to finance their trade imbalances with each other. It is not strictly a currency, though it performs many of a currency's functions and is directly linked to the Soviet rouble.

At the moment only IBEC members may use transferable roubles. The new rules extend their use to settlement of trade between Comecon countries and non-members. The full members of Comecon are the Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Cuba and Mongolia, whose combined trade with OECD countries amounts to some $50bn. a year.

In future a Western trading partner selling goods to, say, the Soviet Union can accept payment in transferable roubles, which it can then use to buy goods in another Comecon country.

The regulations say that transferable rouble settlements can be used either on separate commercial contracts, on the total trade turnover of a non-member with individual members, and on total trade turnover between a non-member and all Bank members.

Western exporters to Comecon would earn interest of 1.5 per cent. to 4 per cent. a year on their transferable rouble accounts. Western importers seeking transferable rouble loans would be charged between 2 per per cent. and 5 per cent. with a maximum term of three years.

These interest rates, though low by Western standards to-day reflect the generally lower level of inflation inside Comecon. Few reliable inflation statistics are available. The rates appear slightly higher than rates applicable to full members.

Weather

U.K. TO-DAY

GENERAL SITUATION: Cold. Scattered sleet or snow.

London, E.S., S.W., N.W., Cent. S., Cent. N. England, Midlands, Channel Is., Wales

Cloudy, some sleet or snow. Max. 2C-4C (36F-39F).

E. Anglia, N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland

Cloudy, sleet or snow. Max. 2C-4C (36F-39F).

Lake Dist., Is. of Man, S.W. Scotland, N. Ireland

Bright intervals, wintry showers. Max. 3C (38F).

Glasgow, Argyll, N.W. Scotland

Bright intervals, mainly dry. Max 2C-4C (36F-39F).

Outlook: Cold or very cold, wintry showers. Night frost.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	C	2	36	Manchstr.	C	3	37
Athens	F	14	57	Melbourne	C	18	64
Barcelona	C	11	52	Mexico C.	S	19	66
Belfast	R	3	37	Milan	C	2	36
Belgrade	F	5	41	Montreal	S	—3	27
Berlin	Sn	—1	30	Moscow	Fg	—6	21
Birmghm.	C	1	34	Munich	C	—6	21
Bristol	C	2	36	Newcastle	C	[illegible]	[illegible]
Brussels	F	—1	30	New York	C	5	41
Budapest	C	—4	25	Oslo	Sn	—2	28
B. Aires	C	20	67	Paris	S	0	32
Cairo	S	21	69	Perth	F	33	91
Cardiff	C	3	37	Prague	S	—3	27
Cologne	[illegible]	—1	30	Reykjavik	R	5	41
Copnhagn.	C	1	34	Rio de J'o	C	30	86
Dublin	R	4	39	Rome	C	15	59
Edinburgh	C	3	37	Singapore	S	24	75
Frankfurt	C	—3	27	Stockholm	Sn	—1	30
Geneva	C	—2	28	Strasb'rg	C	—4	25
Glasgow	C	3	37	Sydney	F	24	75
Helsinki	C	—3	27	Tehran	S	14	57
Hong Kg.	C	22	72	Tel Aviv	F	19	66
Jo'burg	C	24	75	Tokyo	S	9	48
Lisbon	C	12	54	Toronto	C	—1	30
London	F	3	37	Vienna	C	—4	25
Luxembg.	C	—3	27	Warsaw	Sn	—3	27
Madrid	C	9	48				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	16	61	Jersey	C	2	36
Algiers	C	18	64	Las Plms.	F	19	66
Biarritz	C	8	46	Locarno	C	2	36
Blackpool	Sn	2	36	Majorca	F	14	57
Bordeaux	C	6	43	Malaga	F	16	61
Boulogne	F	0	32	Malta	F	18	64
Casblnca.	C	16	61	Nairobi	S	22	72
Cape Tn.	C	25	77	Naples	C	13	55
Corfu	C	11	52	Nassau	S	29	84
Dubrovnik	Sn	7	45	Nice	C	12	54
Faro	C	15	59	Nicosia	S	19	66
Florence	F	9	48	Oporto	C	14	57
Funchal	C	16	61	Rhodes	C	14	57
Gibraltar	C	15	59	Salzburg	S	—7	19
Guernsey	C	3	37	Tangier	C	17	63
Innsbruck	F	—11	12	Tenerife	C	12	54
Inverness	C	1	34	Tunis	C	15	59
Is. of Man	R	4	39	Valencia	C	14	57
Istanbul	F	11	52	Venice	C	2	36

R—Rain. C—Cloudy. F—Fair. S—Sunny. Sn—Snow.

AFTER THE ECONOMIC PACKAGE . . .

TUC price for support is action on prices and jobs

BY ROY ROGERS, LABOUR CORRESPONDENT

TUC leaders yesterday detailed the sort of Government commitment they would demand for continuing co-operation on wage restraint after the present pay policy expires in July.

They made it clear that the Chancellor of the Exchequer would need to take firm action to curb price increases and rising unemployment—two items that the unions have always underlined as key elements in their social contract with the Government.

Mr. Len Murray, TUC general secretary, warned Mr. Healey that if he thought a new pay deal could be reached simply by linking it to tax concessions he could "forget about it."

After a special meeting of the TUC economic committee had considered the Chancellor's emergency package of cuts, announced on Wednesday, Mr. Murray said that the Government must be prepared to take specific commitments on a whole range of economic and social policies, including prices, the social wage and employment.

Mr. Murray said that the TUC economic committee was disappointed with the cuts package, but did not believe that the likely alternative — a siege economy—would reduce inflation or unemployment. They still believed it necessary and sensible to continue supporting the Government, even though the Chancellor's new measures would mean a continuation of unacceptable unemployment levels —and make no positive contribution to industrial growth.

A statement, passed unanimously by the economic committee, said the TUC understood the circumstances which had forced the Government to take the new measures and recognisd the Governmnt had managed to limit the deflationary impact of the loan conditions laid down by the IMF.

The TUC would, however, continueto press the Government to do more to assist investment and jobs to stimulate jobs in the development areas, and to introduce selective import controls. They also called on the CBI to go for "expansion in investoutput and jobs.

A prevalent viwe at yesterday's economic committee meeting was that the Government had been forced into drawing up the package and that the situation could have been a lot worse. There wa no talk of abandoning the social contract, although two of the committee whose members stand to be among the worst affected by the cuts—Mr. George Smith of the construction workers and Mr. Alan Fisher of the public employees—did not attend.

The depleted committee, which included Mr. Jack Jones of the transport workers and Mr. Hugh Scanlon of the engineers, decided against calling a special full meeting of the TUC general council on the cuts.

The depth of union feeling over unemployment was illustrated again yesterday when the national executive of the Boilermakers' Amalgamation decided to seek an early meeting with the Prime Minister to voice their fears that there could be an additional 500,000 jobless by this time next year unless the Government acts.

£50m. a year extra State money for Enterprise Board

BY ADRIAN HAMILTON

THE NATIONAL Enterprise Board is to get £50m.-a-year additional Government finance from the £80m. annual increase in industry aid promised by Mr. Denis Healey, Chancellor of the Exchequer on Wednesday.

Of the remaining £30m. a year in 1977-78 to 1978-79, an extra £5m. a year will be given to the Scottish Development Agency: a further £2.5m. will go to the Welsh Development Agency and the other £22.5m. will be spent by the Department of Industry on industry aid and the new selective Investment Scheme.

This breakdown of the figures was revealed yesterday when the Department of Industry announced details of its new £100m. investment plan—a successor to its recent £120m. Accelerated Projects Scheme.

The new scheme will be based on flexible resoration, between the Government and individual companies, of interest relief grants and other assistance for important expenditure.

Whereas the accelerated projects scheme was limited to investments which would otherwise have been delayed, however, the new scheme has been broadened to include, at the Department's discretion, virtually any project costing more than £500,000 which might otherwise not have gone forward in the absence of Government assistance.

This includes raising the size of efficiency of plant; bringing projects forward by a year or more; or extending the product range and marketing facilities of companies (a point which has been stressed strongly by the industrial strategy working parties).

Although the scheme—which has been in preparation since last summer—is regarded as the most important part of the industry package, its actual call on finance during the first two years is not expected to exceed some £10m. a year, to be drawn from the £80m.

While the approved grants may reach high figures, the practical disbursement of the cash tends to be slow in the early years building up later in the decade.

It will be the NEB—as promised by the Chancellor last July—which will get the lion's share of the additional finance, bringing its annual grant to about £300m. at 1976 survey prices.

The additional funds were regarded as essential in view of the heavy call on the NEB's finances from its existing shareholding in Leyland and Rolls-Royce.

The extra money is aimed at giving it more room to expand its industrial strategy role in investing in key technology-based companies, promoting structural re-organisation of sectors and aiding export consortia.

Allocation of the increase of the Department of Industry's budget not taken up by the new scheme and the NEB, has not yet been decided.

But at least £10m. a year is likely to go on new industry aid schemes, such as those planned for non-ferrous foundries and electronic components, and on increasing the allocation to the successful ferrous foundries scheme.

My remedy is right—Healey

BY RUPERT CORNWELL

BACKED BY a public promise of full support from the Prime Minister, Mr. Denis Healey, the Chancellor of the Exchequer, bluntly told his party's rebellious Left last night that the alternative to his economic package was a collapse of the pound and mass unemployment.

In a vigorous counter-attack, directed at Labour Left-wingers, Consevatives, and financial criticism that the measues were too weak, Mr. Healey agued that his answer was the right one.

No one seemed to be pleased. But if anyone had been fully satisfied, Mr. Healey maintained, then something else would have given way—the social contract, the Government's industrial stategy, the Cabinet, or the hopes of securing the IMF loan.

An adjustment in policy that would satisfy the foreign exchange market had become necessary, and as he pointedly remarked to Left-wingers at a tense meeting of the Parliamentary Labour Party last night, this had been recognised by the TUC.

In the end, the Cabinet discussions had produced a conseus, and even if no one liked the package, no Minister would be resigning over it.

Mr. Healey claimed he had succeeded in reconciling the minimum demands of Britain's creditors with the most that the Labour movement would tolerate. It was now vital that the party kept its nerve and its solidarity.

Earlier, in the Commons, after cries for his resignation from the Conservative benches the Chancellor's position was strengthened by a declaration of confidence from Mr. Callaghan.

"The Chancellor has carried a heavier burden than any other Minister on either side of this House for a very long time, and he has my full support in what he is doing," the Prime Minister declared.

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Devolution

ment that he could not urge his colleagues to oppose the Government's Bill when he intended to abstain.

Mr. Heath, former party leader, whose passionate support for devolution is at odds with Mrs. Thatcher's views, said that he could not go against his record of the last 10 years. He remained convinced that devolution gave the best chance of maintaining the unity of the U.K. and he believed that a vote against the Government's Bill would be taken in Scotland as a vote against the principle of devolution.

In addition, he gave a warning to his Tory colleagues that if the Bill were destroyed and Scots believed that the wrecking was done by English MPs "the bitterness and resentment would be enormous."

He was certain that the logical conclusion of recent events in Scotland was to move towards a greater degree of devolution than the Tories had advocated in the past. "I have not changed—I see no reason to change. Nothing I have heard in this debate gives me any reason to do so," Mr. Heath declared.

Earlier, Mr. Leon Brittan had insisted under pressure from Ministers that the Tories maintained their commitment to a directly-elected Scottish assembly, but all the indications during the four-day debate have been that Mrs. Thatcher and her shadow Cabinet colleagues have started the process of dropping this commitment in favour of simply maintaining the unity of the U.K.

£900m. power station orders recommended

BY MAX WILKINSON, INDUSTRIAL STAFF

A SERIES of power stations costing £900m. must be ordered before they are needed if Britain's heavy power industry is to be saved from collapse, a Cabinet Office report said yesterday.

The report, by the Central Policy Review Staff (Think Tank), said the cost would be phased up to 1985 when demand for new stations was expected to recover. The extra investment would mean an increase in electricity prices of 1¼ per cent. each year from 1978 to 1984.

The average extra cost of electricity during those years would be 3·4 per cent. The Think Tank said.

The Central Electricity Generating Board says on present forecasts it will not need to order any new power stations until 1980 or possibly later. The Board has not placed any new orders since 1973. It has 20 per cent. more capacity than it needs.

But the report, commissioned by the Government in May, said the supplying industry would not be able to survive unless the Board agreed to a steady ordering of stations ahead of schedule.

Sir Arthur Hawkins, chairman of the CEGB, said yesterday the Board would refuse to implement an early ordering programme unless the Government would agree to bear the extra cost.

The Think Tank report estimated the net extra cost of the whole programme up to 1985 could be £70m. if the economy recovered to 3 per cent. annual growth. But it would soar to £600m. if the growth rate recovered 2½ per cent. a year.

The CEGB said yesterday it could not take the risk of ordering such an enormous amount of power equipment which its best forecasts indicated would not be needed. The Board estimated the extra cost to the electricity consumer might be as high as 25 per cent. in some years if the economy were to stagnate.

Sir Arthur said: 'Our duty is primarily to the electricity consumer." It would be wrong for the Board to find money to support British industry independent of the Government's decision.

The Think Tank said the consequences of inaction by the Government could be 30,000 redundancies in th four main companies—C. A. Parsons, GEC, Clarke Chapman and Babcock and Wilcox—and their suppliers.

Without a firm base of home orders the industry would be unable to compete for exports or to maintain the technical development needed to make the next generation of British power stations.

The report contains strong criticism of the past policies of the CEGB and calls for a new relationship with its suppliers on a firm contractual commitment over ten years.

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THE LEX COLUMN

Rank Xerox clea monopoly hurdle

Index rose 8.9 to 322.7

Rumours in the last couple of weeks that the Monopolies Commission report on Rank Xerox would, after all, have some teeth were disproved by the appearance of yesterday's innocuous document. Rank's shares responded with a 5p rise to 117p. The report contains the expected criticism of RX's Group Pricing Plan which covers about 50 per cent. of U.K. machine rentals, but the company has six months to come up with an alternative strategy for large customers, and there is no reason to expect any drastic effect on competitiveness. The recommendations on prices for copiers sold outright and on separate charging for toner are peripheral.

Although RX's return on capital employed in the U.K. reached a peak 47.8 per cent. in 1970 the Commission does not offer any direct criticism, apparently accepting that in earlier years, at least, this was a high risk industry. Returns have since declined sharply (to 26.8 per cent. in 1975 and an expected lower figure still in 1976) and competition is now much stronger.

Coincidentally, brokers Scott, Goff, Hancock's annual review of the Rank Organisation has also just appeared. They expect RX's profits growth to pick up in the current year, with earnings attributable to Rank rising 46 per cent. to 21p per Rank share in 1976-77. Total Rank earnings could increase to 26p against 18p a share estimated for 1975-76, dropping the prospective p/e to 4.5. But Scott Goff are unhappy about Rank's overseas loan exposure and the possibility of further unloading by U.S. shareholders, so they are only mildly bullish about the share price at this stage.

MEPC

MEPC has moved back to a break-even in the year to September, compared with a deficit of over £10m. before capitalised expenses in 1974-75. It has repaid £69m. of debt, compared with new loans over the year of £31m. The losses on residential development, which reached nearly £15m. in the last two years have finally been stemmed. And there are hopes that the problem of unrelieved tax losses (which led to a book charge of 71 per cent. last year) may become rather less pressing —which has favourable implications for the dividend.

But there are still major hurdles ahead. The starting point is net worth of £241m., which takes account of a revaluation of all the investment properties in August. However these values have probably slipped somewhat in the intervening months. And there has been no formal revaluation of of the £82m. of properties in course of development (which the directors reckon could be worth 10 to 20 per cent. less than the book figure) or of the further £89m. of properties held for development.

Meanwhile the impact of sterling's slide on foreign borrowings has more than offset the net repayment of debt, leaving loan capital up by £17m. at £421m. MEPC, in common with other property companies, does not disclose the crucial information about its borrowings limits. But until some progress is made with its problem investments yesterday's 5p jump to 48p (and a market capitalisation of £51m.) may mark the limit of the market's enthusiasm.

Distillers

Distillers' profits have moved ahead well since the surprise upset of 1974-75. Last year's half-yearly profits split of £42.5m. and £48.6m. has been followed by £53.2m. for the first six months of 1976-77, with the prospect of around £60m. in the second half.

The benefits of last year's price increases are continuing to feed through to margins, while the steady fall in sterling has boosted profits on U.S. sales —the bulk are invoiced in dollars—by more than a quarter. The U.S. market has depressed, withdrawa bond in the first ter being 6 per cent. dov Distillers has been i its market share and e the U.S. rose by arou cent. in volume term first half, against a dr per cent. for the indu whole. Fortunately, tillers, the recent-trend the less profitable bulk whisky has been reve dustry export shipment blends fell by a fifth di six months to Septemb exports in bottles ros per cent.

On a prospective yie per cent. at 112p, and perhaps just under 8, has outperformed the lately, but for this to in the face of further U.K. excise duty an pressed demand pictu U.S. could depend o try export prices beir in the New Year.

Burton

The revamped mar at the Burton Group been tempted to throw chen sink into the fig 1975-76: losses are no than expected, at £4 fore property disposals final dividend is less than it might have be reflects "the Board's co in the medium and lo profitability of the c But the short term remain bleak, even t number of the proble have already been tack

Thus businesses wh £2.4m. in the last finan had either been sold o into profit by the November. In additi menswear side has ed into the black after los £1m. in the Marc period, and the wor sector seems to be pi smartly. But with the operation still losing m this does not add up more than a break-e year. At 29p, the sha 118 per cent. on a costing nearly £800,000

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